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Application Proof of

EVE 亿纬锂能
EVE Energy Co., Ltd.
惠州亿纬锂能股份有限公司
(the “Company”)

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

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EVE 亿纬锂能
EVE Energy Co., Ltd.
惠州亿纬锂能股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the
the [REDACTED] [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to
reallocation)

Number of [REDACTED] : [REDACTED] H Shares (subject to
reallocation and the [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus
brokerage of 1.0%, SFC transaction
levy of 0.0027%, AFRC transaction
levy of 0.00015% and Stock Exchange
trading fee of 0.00565% (payable in
full on application in Hong Kong
dollars, subject to refund)

Nominal value : RMB1.00 per H Share

[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED] and [REDACTED]



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The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the Company's consent, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that which is stated in this Document (which is HK\$[REDACTED] to HK\$[REDACTED]) at any time on or prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, an announcement will be published on the website of our Company at www.evebattery.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [REDACTED] under the [REDACTED]. Further details are set forth in the sections headed “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this Document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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SUMMARY

This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to [REDACTED] in our [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in our [REDACTED] are set out in the section headed “Risk Factors” in this Document. You should read that section carefully before you decide to [REDACTED] in our [REDACTED]. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this Document.

OVERVIEW

Our Mission

Our mission is to power an interconnected world through integrated battery solutions.

Our Vision

Our vision is to empower the world with EVE energy.

Who We Are

We are one of the few lithium battery platform companies worldwide that lead across consumer battery, power battery and ESS battery sectors, delivering comprehensive solutions for a wide range of social and economic applications. Our operating philosophy is to foster healthy and sustainable growth, continuously creating value for our shareholders.

Through 24 years of high-quality development, we have achieved internationally leading positions in the three core business segments of consumer batteries, power batteries and ESS batteries and built a comprehensive R&D platform encompassing materials, cells, BMS and systems. Our products are widely used in smart living, green transportation and energy transition.

In the era of the Internet of Everything, we leverage our multifaceted lithium battery technology route and broad application scenarios to reliably support omnipresent energy needs in collaboration with our value chain partners. As of the Latest Practicable Date, building upon our “Global Manufacturing, Global Collaboration, and Global Services” capability framework, we have established eight manufacturing bases and have two manufacturing bases under construction worldwide, with sales offices and branches in seven countries and regions and after-sales service network covering 18 countries and regions.

SUMMARY

We possess strong competitiveness across the consumer battery, power battery and ESS battery sectors, as evidenced by many notable achievements, including growth surpassing the industry in terms of shipment volume over the past three years. Through the interconnected collaboration and mutual reinforcement of all sectors, we believe we are well-positioned for future expansion.

Consumer batteries

Top 3 Globally

No. 2 among Chinese manufacturers by shipment volume of consumer battery in 2024, with a market share of 11.7%

No. 1 Globally

By shipment volume of primary lithium battery in 2024, with a market share of 31.1%

No. 2 Globally

No. 1 among Chinese manufacturers by shipment volume of cylindrical cells for consumer applications in 2024, with a market share of 34.3%

Power batteries

Top 5 among Chinese Manufacturers

By global shipment volume of power batteries in 2024, with a market share of 2.8%

No. 2 Globally

No. 1 among Chinese manufacturers by shipment volume of 46 series large cylindrical cells in 2024

No. 2 in China

By shipment volume of power batteries for commercial vehicles in 2024, with a market share of 12.2%

ESS batteries

No. 2 Globally

By shipment volume of ESS batteries in 2024, with a market share of 17.2%

No. 1 Globally

By shipment volume of residential ESS cells in 2024

1st in the world

To achieve mass production of 600Ah+ large prismatic LFP ESS batteries

Source: Frost & Sullivan; China Automotive Battery Innovation Alliance.

Our Offerings

We are deeply rooted in the lithium battery sector, where our integrated R&D and market systems work synergistically to drive innovation and reinforce one another. We possess core technologies and deliver comprehensive, end-to-end solutions across consumer battery, power battery and ESS battery applications.



SUMMARY

Consumer Batteries

Consumer batteries are a critical enabler of the Internet of Everything. We are a global leader in the consumer battery sector, with the following key advantages:

- ***Comprehensive technology route coverage.*** We have developed (i) primary lithium battery series products, including lithium thionyl chloride batteries, lithium-manganese batteries and SPC, (ii) lithium-ion battery series products, including pouch cells, bean cells and prismatic steel-case batteries, and (iii) cylindrical cell series products, predominantly 18650 and 21700, with coverage also extending to other dimensions. Our products offer performance advantages such as high energy density, high-power discharge, ultra-long lifespan, and ultra-wide working temperature ranges.
- ***Diversified use cases.*** Leveraging our deep expertise in the consumer battery sector and market insights into relevant use cases, we are able to comprehensively address energy demands across diverse social and industrial environments. Moreover, we creatively develop customized lithium battery solutions to rapidly meet the needs of emerging fields such as robots, low-altitude aircraft and smart city initiatives.

Power Batteries

Power batteries are the key drivers of clean energy. We have experienced rapid shipment growth in this sector and established a favorable competitive position.

- ***Comprehensive offering.*** We manufacture prismatic NCM cells, prismatic LFP cells, large cylindrical cells, cylindrical LFP cells and pouch cells tailored to the product requirements of new energy passenger vehicles, commercial vehicles, construction machinery and LEVs, addressing customer needs across the entire power battery industry.
- ***Leading edge.*** Our power batteries possess outstanding technological advantages in areas such as ultra-fast charging, low-temperature operation, large cylindrical format, stacking, and system integration, and we have launched the Open-source Battery 3.0 for commercial vehicles and Omnicell 2.0 for passenger vehicles. Notably, we have made significant achievements in large cylindrical cells. We pioneered in the industry with the construction of a manufacturing facility for large cylindrical cells with a production capacity of 20 GWh, positioning us as the first large scale supplier of the batteries of launch for the next-generation EV models of top international automotive companies. Our batteries have been mass produced and installed in over 60,000 vehicles, demonstrating stable and reliable performance. The maximum mileage recorded by a single vehicle using our battery has exceeded 200,000 kilometers.

SUMMARY

ESS Batteries

ESS batteries are essential for creating economic benefits in the new energy era, and we are a global leader in this field.

- ***Technology advantages.*** We were among the first movers in the energy storage sector, and after years of dedicated research and practical experience, we lead the industry in technological innovation, pivoting our technology platform to a predominantly large prismatic cell featuring stacking technology. Meanwhile, we hold ourselves out of being the world’s first to achieve mass production of 600Ah+ large prismatic LFP ESS batteries.
- ***Comprehensive solutions.*** We provide comprehensive energy storage solutions across multiple sectors, including grid, commercial and industrial, and residential ESS. Our offerings cover the entire ESS battery product solutions from cells, modules and systems to BMS, as well as intelligent operational services for user-side energy storage, which are designed to meet multi-level customer needs across various application scenarios in terms of high safety, long lifespan, intelligence, large format and superior comprehensive integration capabilities. Our comprehensive energy storage solutions provide a powerful impetus for global green and low-carbon development, collectively fostering a cleaner and more sustainable future.

Our Customer Base

A high-quality and stable customer base is essential for our long-term growth. We have established long-term stable partnerships with industry-leading companies across diverse sectors, which provides a solid foundation for our sustained and healthy development.

- ***Customer coverage.*** We maintain long-term and extensive collaborations with the top three global power tool manufacturers, covering over 80% of the top 10 global power tool companies and over 60% of the world’s top 20 new energy passenger vehicle suppliers. Our renowned consumer battery customers include Samsung, Stanley Black & Decker, Bosch, Xiaomi, S.F. Express and Smoore; notable automotive customers comprise global brands like BMW, Mercedes-Benz and Jaguar Land Rover, as well as domestic well-known automakers including GAC, FAW and Changan and premier emerging brands such as Xpeng and Leapmotor. Furthermore, our commercial vehicle customers include major companies like SANY Heavy Truck, Farizon Auto, and Dongfeng Commercial Vehicle. In the energy storage sector, we partner with prominent enterprises including China Mobile, China Southern Power Grid, ABB and Delta Electronics.
- ***Customer recognition.*** We enjoy a high level of customer satisfaction, as evidenced by numerous awards and recognitions we received from our customers. For instance, Jaguar Land Rover presented us with the Jaguar Land Rover Quality (JLRQ) Global

SUMMARY

Excellence Award in Quality, the highest distinction within the Jaguar Land Rover’s global supplier performance management system. We have received the highest satisfaction ratings from another prominent international automotive company as its supplier for years.

- ***Synergistic growth.*** We enjoy positive and synergistic relationships with industry leaders. Prominent industry players, leveraging our innovative solutions, have further propelled the high-quality implementation of the Internet of Everything, which in turn creates expanded market opportunities for us.

Our Production Capabilities

We possess an industry-leading lithium battery manufacturing system, dedicated to establishing a best-in-class digital factory with standardized production lines.

- ***Manufacturing bases.*** We operate eight advanced, informatized and digitalized manufacturing bases and have two manufacturing bases under construction that deliver high-quality battery solutions to customers worldwide across a comprehensive range of use cases. In 2024, we achieved a total shipment volume of consumer batteries of 2.1 billion units and power and ESS batteries of 80.7 GWh.
- ***Digitalization.*** We are comprehensively advancing the systematic development of our capabilities in digital R&D, digital management and digital manufacturing, and have been selected for the inaugural list of excellent smart factory projects by the Ministry of Industry and Information Technology. By leveraging the EMES Manufacturing Execution System 2.0, digital group management supported by “Three-Tier Management Cockpit”, “IoT+AI+Andon” and visualized digital twin factories, we are in the process of developing super smart manufacturing facilities.
- ***Standardization.*** Standardization has long been a pursuit within the battery industry and also remains a key production objective for us. We possess the capability to define standardized production processes, with large cylindrical and large prismatic cells representing a tangible realization of our digitalized and standardized manufacturing principles. We believe that standardized production can effectively improve resource allocation, enhance manufacturing efficiency, reduce resource waste caused by industry changes, and facilitate healthy industry development.

Our R&D Capabilities

We are a technology-driven lithium battery company, with our focused R&D on battery technologies rooted in electrochemical theory.

- ***Comprehensive layout and cutting-edge innovation.*** Adhering to the principles of “higher, faster, safer, and more environmentally friendly”, we are developing technologies to achieve high energy density (up to 600 Wh/kg), ultra-fast charging (up to 10C), enhanced safety (highly flame-retardant batteries), and improved environmental sustainability (zero-carbon sodium-ion batteries).

SUMMARY

- **R&D team.** We have established seven research institutes and built a multidisciplinary R&D team spanning electrochemistry, materials science, mechanical engineering, electrical and electronic engineering and simulation. Our R&D workforce exceeds 6,000 personnel dedicated to the research, development, and deployment of pioneering technologies and emerging products. As of the Latest Practical Date, we have held a number of granted patents, undertaken 25 national-level projects and contributed to the formulation of key industry standards such as the Electric Vehicles Traction Battery Safety Requirements (《電動汽車用動力蓄電池安全要求》).

Global Presence

With over 20 years of experience in global operations, we have consistently adopted an international perspective to develop our “Global Manufacturing, Global Collaboration, and Global Services” capabilities. By leveraging our outstanding product quality, we serve leading customers across diverse industries worldwide, including BMW, Mercedes-Benz, Jaguar Land Rover, Samsung, Bosch, Stanley Black & Decker, ABB and Delta Electronics.

To better serve our overseas customers and respond to market demands, our Malaysian battery manufacturing base was completed and commenced operation in 2025, becoming our first overseas factory to achieve mass production and delivery, with plans to cover a full range of products in the consumer battery, power battery and ESS battery sectors. Our Hungarian manufacturing base, currently under construction and positioned for the European market, is expected to commence production in 2027, paving the way for our future international business expansion.

As of December 31, 2024, we have established a global presence with sales offices and branches in seven countries and regions and after-sales service centers in 18 countries and regions. This network ensures efficient connectivity with global customers and allows us to provide high-quality lithium battery solutions for a comprehensive range of scenarios.

Furthermore, we achieve synergistic growth together with our international partners through our CLS (Cooperation, License and Service) global collaborative business model, committed to promoting green development worldwide and jointly building a sustainable future.

Our Financial Performance

During the Track Record Period, we achieved steady growth in revenue, fueled by ongoing product innovation and strengthened partnerships with our customers. In 2022, 2023 and 2024, our revenue totaled RMB36,304.0 million, RMB48,783.6 million and RMB48,614.6 million, respectively. Correspondingly, our gross profits for these years were RMB5,785.8 million, RMB8,119.3 million and RMB8,465.3 million.

Since our listing on the ChiNext Market of the Shenzhen Stock Exchange in 2009, we have been committed to creating value for our shareholders. From our listing until December 31, 2024, we achieved a CAGR of 43.9% in revenue and a CAGR of 36.4% in net profit.

SUMMARY

Our Market Opportunities

Amid accelerating global trends toward electrification and intelligentization, each battery is increasingly positioned to function as an independent energy unit, contributing meaningfully to overall economic efficiency. As artificial intelligence continues to advance, global energy demand is rising rapidly, further amplifying the importance of battery innovation. With ongoing breakthroughs in battery technology, the global battery market is approaching a critical inflection point poised for exponential growth, driven by the following key trends:

- The proliferation of the Internet of Everything, including artificial intelligence development, has fundamentally reshaped the significance of the global energy sector.
- The energy market has shifted from meeting essential demand and providing backup power to engaging in peak-valley arbitrage. Lithium batteries, as a mature technology characterized by high energy density, long cycle life, low self-discharge, and lightweight design, have become vital to capitalizing on the opportunities presented by this inflection point.
- In a landscape marked by rapid technological updates and constantly evolving customer demands in the energy market, only companies equipped with comprehensive technological capabilities and well-planned strategies can swiftly respond to changing needs. Those that lack this adaptability risk being rendered obsolete by emerging market trends.
- As one of the few global companies with extensive expertise across consumer batteries, power batteries and ESS batteries, we are precisely positioned to seize this historic opportunity by leveraging our strong technological reserves and comprehensive, multi-technology solutions, making ourselves a key driver of industry development.

Consumer Battery Sector

Amid the ongoing trends of electrification and intelligentization, the consumer battery market is witnessing steady demand growth. According to Frost & Sullivan, the market size in terms of shipment volume is expected to increase from 21.7 billion units in 2025 to 55.1 billion units in 2029, representing a CAGR of 26.2%. The consumer battery industry is marked by diverse and rapidly changing business requirements. Only companies that can provide a broad range of solutions and demonstrate keen market insight are well positioned to capitalize on emerging opportunities.

Driven by diverse application demands, the consumer battery sector is experiencing transformative advancements in materials, manufacturing technique, performance and safety, and is continuously expanding into more diverse application scenarios. Only companies that possess strong technological capabilities and the ability to scale resource integration can gain a competitive advantage.

SUMMARY

Power Battery Sector

Fueled by both policy guidance and technological breakthroughs, the downstream demand for power batteries is experiencing substantial growth. According to Frost & Sullivan, the global shipment volume of EV batteries is projected to increase from 1,376.4 GWh in 2025 to 3,548.3 GWh in 2029, representing a CAGR of 26.7%.

The accelerating global electrification trend presents a vast market opportunity. Beyond passenger vehicles, commercial vehicles and construction machinery represent the promising markets for power batteries. Major manufacturers are engaged in competition across energy density, charging speed, and safety. Standardization is becoming increasingly critical to maintain profitability and reduce costs. Large cylindrical cells, which lend themselves more readily to standardization, are seen as a future trend.

ESS Battery Sector

Driven by rapid market expansion and technological advancements, the global energy storage industry is rapidly developing new business formats. Frost & Sullivan’s data indicate that global ESS battery shipments are forecast to grow from 479.2 GWh in 2025 to 1,101.3 GWh in 2029, with a CAGR of 23.1%.

ESS batteries are an increasingly important contributor to economic efficiency, expanding beyond their traditional role as backup power to arbitrage between peak and valley, thereby demonstrating significant market potential. As technology continues to evolve rapidly, the long-term nature of operations may lead to more stringent technical specification requirements. This trend underscores the importance of full lifecycle equipment management and operation and maintenance, thereby imposing higher technical competency requirements on industry participants.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth:

- We Are a Leader in the Lithium Industry, Offering Solutions Covering Comprehensive Use Cases and Diversified Technology Route
- Forging Enduring Partnerships with Global Industry Leaders to Advance Technological Frontiers and Shape the Future of Innovation
- Committed to Technological Innovation and Independent R&D to Develop Globally Competitive Reserves of Advanced Technologies
- Establishing Advanced Smart Manufacturing Facilities to Build a Globally Competitive Lithium Battery Brand

SUMMARY

- Developing a Global Operational Framework to Advance Our International Strategy
- Building a Self-Reinforcing Industry Ecosystem to Enable Comprehensive Lifecycle Management of Lithium Battery Production
- Visionary Management Team and Distinguished Scientists Driving Our Global Competitiveness

For details, see “Business – Our Strengths.”

OUR STRATEGIES

We plan to implement the following strategies to achieve our long-term goals:

- Deepening Our Global Strategy through Strategic Capacity Expansion to Meet Worldwide Customer Demand
- Increasing R&D Investment to Continuously Enrich Cutting-Edge Technology Reserves and Broaden Product Applications
- Driving Growth through Global Collaborations

For details, see “Business – Our Strategies.”

SUMMARY OF MAJOR RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this Document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include:

- Fluctuations in demand in the downstream markets of our battery products may materially and adversely affect our business, results of operations and financial condition.
- If we fail to maintain technology leadership in the battery industry, our operating results may be adversely affected.
- The battery industry is competitive. Our failure to successfully compete could materially and adversely affect our market position and market share.
- We may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability, and lead to decrease in the demand for our products.
- Failure to launch new and innovative products or keep up with evolving market trends may materially and adversely affect our market share and profitability.

SUMMARY

- If we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations will be adversely affected.
- Our profitability maybe materially and adversely affected if we are forced to lower the selling prices of our products.
- We face risks of sharing relevant research and development results with our collaboration partners at the level of jointly established entities.
- We face risks associated with our global operations and business expansion.

CUSTOMERS AND SUPPLIERS

Our customers primarily comprise renowned consumer electronics brands and manufacturers of power tool, EV manufacturers and ESS customers. In 2022, 2023 and 2024, revenue generated from our largest customer in each year during the Track Record Period amounted to RMB5,869.4 million, RMB6,966.8 million and RMB2,686.1 million, respectively, representing 16.2%, 14.3% and 5.5% of our total revenue for the same years, respectively. In 2022, 2023 and 2024, revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB14,489.4 million, RMB16,758.2 million and RMB10,423.3 million, respectively, representing 39.9%, 34.4% and 21.4% of our total revenue for the same years, respectively. We generally grant our five largest customers in each year of the Track Record Period credit terms of 30 to 90 days after the invoice date. Our five largest customers in each year during the Track Record Period settle their amounts due through wire transfer or bank acceptance bills. For details, see “Business — Sales, Marketing and Customers.”

During the Track Record Period, our purchases primarily comprised raw materials and components used in battery manufacturing, mainly cathode, anode, electrolyte and separators. Our suppliers primarily comprise suppliers of key raw materials used in lithium battery manufacturing. In 2022, 2023 and 2024, purchases from our largest supplier in each year during the Track Record Period amounted to RMB3,995.9 million, RMB5,352.1 million and RMB4,274.2 million, representing 12.3%, 15.3% and 12.5% of our total purchases for the same years, respectively. In 2022, 2023 and 2024, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB14,093.3 million, RMB13,999.4 million and RMB11,272.8 million, respectively, representing 43.5%, 40.0% and 32.8% of our total purchases for the same years, respectively. Our five largest suppliers in each year during the Track Record Period generally grant us credit terms of monthly settlement 30 to 120 days after the invoice date, or payment after goods received. We generally settle our amounts due to our five largest suppliers in each year during the Track Record Period using bank acceptance bills and wire transfer. For details, see “Business — Supply Chain.”

SUMMARY

COMPETITION

We operate in the lithium-ion battery industry and are one of the few players who takes a leading position across all three of the consumer battery, power battery and ESS battery sectors. The global lithium-ion battery industry is competitive and relatively concentrated. According to Frost & Sullivan, in terms of shipment volume, the top five consumer battery, power battery and ESS battery companies accounted for 61.9%, 59.0% and 76.7% of the global market in 2024, respectively. We generally compete with other large-scale lithium-ion battery manufacturers. See “Industry Overview” for more details on our competitive landscape, industry growth drivers and development trends.

We believe we are well positioned to capture the growth trend in the global lithium-ion battery industry with our diverse and differentiated product portfolio, innovation in use cases, customer base, R&D capabilities and smart manufacturing process. By shipment volume in 2024, in the consumer battery sector, we were the world’s largest provider of primary lithium batteries and the second-largest global supplier of consumer cylindrical cells for consumer applications (largest among Chinese manufacturers). In the power battery sector, we were the second-largest Chinese supplier of power batteries for commercial vehicles and the largest Chinese supplier of 46 series large cylindrical cells. In the ESS battery sector, we were the world’s second-largest battery cell supplier and largest residential battery cell supplier in the ESS battery sector. Leveraging our strong market presence and technological expertise across various market segments, we are well positioned to capitalizing on emerging opportunities and delivering innovative, high-quality products to meet evolving customer needs.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants’ Report as set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

SUMMARY

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Revenue	36,303,948	48,783,587	48,614,557
Cost of sales	(30,518,110)	(40,664,274)	(40,149,208)
Gross profit	5,785,838	8,119,313	8,465,349
Other income	1,096,387	1,985,398	1,567,446
Selling and marketing expenses	(333,627)	(457,594)	(597,146)
Administrative expenses	(1,602,348)	(1,748,952)	(1,520,000)
Research and development expenses	(2,153,136)	(2,731,637)	(2,942,308)
Impairment losses on financial assets and contract assets	(204,783)	(180,374)	(270,057)
Other gains and losses, net	(74,581)	(347,684)	58,236
Finance costs	(392,177)	(476,514)	(635,072)
Share of profit of a joint venture	33,345	27,538	50,442
Share of results of associates, net	1,343,207	639,293	461,375
Profit before tax	3,498,125	4,828,787	4,638,265
Income tax credit/(expense)	173,769	(308,521)	(416,862)
Profit for the year	3,671,894	4,520,266	4,221,403
Attributable to:			
Owners of the Company	3,508,964	4,050,175	4,075,586
Non-controlling interests	162,930	470,091	145,817
	3,671,894	4,520,266	4,221,403

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by or presented in accordance with IFRSs. We believe that this non-IFRS measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of this non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under IFRSs.

We define adjusted net profit (non-IFRS measure) as profit for the year adding back share-based payments for the same year. The adjusted net profit (non-IFRS measure) excludes the impact of share-based payments.

SUMMARY

The following table sets forth a reconciliation of our adjusted net profit (non-IFRS measure) to profit for the year (the nearest measure prepared in accordance with IFRSs) for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Profit for the year	3,671,894	4,520,266	4,221,403
Adjusted for:			
Shared-based payments	<u>624,795</u>	<u>456,910</u>	<u>(76,365)</u>
Adjusted net profit (non-IFRS measure)	<u>4,296,689</u>	<u>4,977,176</u>	<u>4,145,038</u>

Revenue

By Product Type

Our revenue was derived primarily from sales of consumer batteries, power batteries and ESS batteries. Our revenue experienced an overall increase during the Track Record Period, driven by overall growth in the sales of all our main products.

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
(RMB in thousands except for percentages)						
Consumer batteries . .	8,513,451	23.5%	8,362,121	17.1%	10,322,161	21.2%
Power batteries	18,250,702	50.3%	23,983,868	49.2%	19,167,242	39.4%
ESS batteries	9,432,103	26.0%	16,340,210	33.5%	19,026,922	39.1%
Others ⁽¹⁾	107,692	0.2%	97,388	0.2%	98,232	0.3%
Total	36,303,948	100.0%	48,783,587	100.0%	48,614,557	100.0%

Note:

(1) Primarily includes interest income from loans to an associate.

Our revenue from consumer batteries remained relatively stable in 2022 and 2023, and increased in 2024, primarily driven by increase in demand from downstream markets and our major customers.

SUMMARY

During the Track Record Period, our revenue from power batteries formed our largest revenue segment, accounting for 50.3%, 49.2% and 39.4% of our total revenue in 2022, 2023 and 2024, respectively. Changes in our revenue are primarily driven by changes in sales volume and price changes in our key raw materials.

Our revenue from ESS batteries increased significantly from 2022 to 2023, and further increased significantly in 2024, primarily driven by changes in our market share and customer demand.

By Geographical Market

During the Track Record Period, we derived the majority of our revenue from sales in mainland China. The following table sets forth a breakdown of our revenue by geographical market, in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
<i>(RMB in thousands except for percentages)</i>						
Mainland China	23,674,165	65.2%	35,482,428	72.7%	36,823,166	75.7%
Other countries and regions	12,629,783	34.8%	13,301,159	27.3%	11,791,391	24.3%
Total	36,303,948	100.0%	48,783,587	100.0%	48,614,557	100.0%

During the Track Record Period, we derived the majority of our revenue from sales in mainland China. Our revenue from mainland China increased continuously during the Track Record Period, primarily due to an increase in demand from our domestic customers as we deepened our collaboration with them, especially in the power and ESS battery markets.

Our revenue from other countries and regions increased from 2022 to 2023, primarily driven by increased overseas sales of our ESS batteries, and decreased in 2024, primarily due to our adjustment of our product structure in response to shifts in market demand.

Sales Volume and Average Selling Price

The following table sets forth a breakdown of our sales volume by product for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Sales Volume			
Consumer batteries (billion units)	1.2	1.5	2.1
Power batteries (GWh)	17.1	28.1	30.3
ESS batteries (GWh)	11.9	26.3	50.4

SUMMARY

The following table sets forth a breakdown of our average selling price by products for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Average Selling Price			
Consumer batteries (RMB per unit)	6.9	5.7	5.0
Power batteries (billion RMB per GWh)	1.1	0.9	0.6
ESS batteries (billion RMB per GWh) . .	0.8	0.6	0.4

For more detailed analyses of our revenue, see “Financial Information.”

Gross Profit and Gross Profit Margin

By Product Type

The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
<i>(RMB in thousands except for percentages)</i>						
Consumer batteries	2,101,317	24.7%	1,984,702	23.7%	2,847,131	27.6%
Power batteries	2,733,638	15.0%	3,256,799	13.6%	2,722,968	14.2%
ESS batteries	845,449	9.0%	2,781,262	17.0%	2,801,514	14.7%
Others ⁽¹⁾	105,434	N/A ⁽²⁾	96,550	N/A ⁽²⁾	93,736	N/A ⁽²⁾
Total	5,785,838	15.9%	8,119,313	16.6%	8,465,349	17.4%

Note:

- (1) Primarily includes interest income from loans to an associate.
- (2) We consider the gross profit margin for other revenue not meaningful as interest income from loans to an associate carries no cost of sales.

The fluctuations in our gross profit and gross profit margin were generally driven by (i) fluctuations in the average selling prices of our battery products; (ii) changes in our sales volume; and (iii) fluctuations in the prices of key raw materials.

SUMMARY

For more detailed discussions of our revenue, gross profit and gross profit margin, see “Financial Information.”

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Total non-current assets	46,780,719	57,568,902	62,905,946
Total current assets	36,857,093	36,786,437	37,984,679
Total assets	83,637,812	94,355,339	100,890,625
Total non-current liabilities	18,306,361	18,515,306	20,097,146
Total current liabilities	32,171,272	37,834,765	39,794,292
Total liabilities	50,477,633	56,350,071	59,891,438
Net assets	33,160,179	38,005,268	40,999,187
Share capital	2,041,759	2,045,721	2,045,721
Reserves	28,371,691	32,687,143	35,534,976
Non-controlling interests	2,746,729	3,272,404	3,418,490
Total equity	33,160,179	38,005,268	40,999,187

We had net current assets of RMB4,685.8 million as of December 31, 2022 and net current liabilities of RMB1,048.3 million as of December 31, 2023, primarily due to (i) a RMB1,592.1 million increase in our trade and bills payables; and (ii) a RMB1,176.9 million increase in our interest-bearing bank and other borrowings. Our net current liabilities further increased to RMB1,809.6 million as of December 31, 2024, primarily due to a RMB2,199.6 million increase in our interest-bearing bank and other borrowings. We recorded net current assets of RMB3,601.9 million as of April 30, 2025, primarily due to (i) a RMB6,134.8 million increase in our financial assets at FVTPL; (ii) a RMB1,472.7 million increase in our financial assets at FVTOCI; and (iii) a RMB462.0 million increase in our prepayments, other receivables and other assets.

For more information, see “Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position.”

SUMMARY

Summary of Consolidated Statements of Cash Flow

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Net cash from operating activities	2,860,219	8,676,260	4,433,733
Net cash used in investing activities . . .	(19,917,245)	(5,921,074)	(7,310,332)
Net cash from financing activities	18,121,190	31,038	1,400,161
Net increase in cash and			
cash equivalents	1,064,164	2,786,224	(1,476,438)
Cash and cash equivalents at beginning of the year/period	6,102,238	7,208,889	9,903,081
Effect of foreign exchange rate changes	42,487	(92,032)	84,936
Cash and cash equivalents at end of the year	7,208,889	9,903,081	8,511,579

For a detailed analysis of our cash flow during the Track Record Period, see “Financial Information — Liquidity and Capital Resources.”

KEY FINANCIAL RATIOS

The following table sets forth our selected key financial ratios as of the dates/for the years indicated:

	Year ended/As of December 31,		
	2022	2023	2024
Gross profit margin	15.9%	16.6%	17.4%
Gearing ratio ⁽¹⁾	63.6%	58.0%	62.3%
Debt ratio ⁽²⁾	60.4%	59.7%	59.4%

(1) Gearing ratio is calculated based on total debt, including total lease liabilities and interest-bearing bank and other borrowings, divided by total equity as of the date indicated and multiplied by 100%.

(2) Debt ratio is calculated based on total liabilities divided by total assets as of the date indicated and multiplied by 100%.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see “Financial Information — Key Financial Ratios.”

SUMMARY

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the total issued share capital of our Company was held as to approximately 3.79% by Dr. Liu, 4.04% by Ms. Luo, who is Dr. Liu’s spouse, and 32.02% by EVE Holdings, which was in turn held by Dr. Liu and Ms. Luo as to 50% each. Therefore, as of the Latest Practicable Date, Dr. Liu, Ms. Luo and EVE Holdings collectively controlled the voting rights of approximately 39.85% of the total issued share capital of the Company.

Immediately following the completion of the [REDACTED] and assuming no new Shares are issued pursuant to the [REDACTED] and under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds, Dr. Liu, Ms. Luo and EVE Holdings will collectively hold approximately [REDACTED]% of our issued share capital. Accordingly, Dr. Liu, Ms. Luo and EVE Holdings will continue to be our Controlling Shareholders upon the completion of the [REDACTED].

LISTING ON THE CHINEXT MARKET OF THE SHENZHEN STOCK EXCHANGE

Since October 2009, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300014). Our Directors confirmed that we had no instance of non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects since our listing on the ChiNext Market of the Shenzhen Stock Exchange and, to the best knowledge of our Directors after having made all reasonable enquiries, there was no material matter that should be brought to [REDACTED] attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the filings on the website of the Shenzhen Stock Exchange and the information available in the public domain, our PRC Legal Advisor is of the view that the above confirmation of our Directors with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor’s view above, nothing has come to the Sole Sponsor’s attention that would cause them to cast reasonable doubt on our Directors’ confirmation with regard to the compliance record of the Company on the Shenzhen Stock Exchange in any material respect.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in the document), after deduction of [REDACTED] fees and [REDACTED] and estimated expenses paid and payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised, taking into account any discretionary incentive fee.

SUMMARY

We intend to use the net [REDACTED] we will receive from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used as partial funding for the continued construction of our manufacturing base in Hungary (“**Hungary Project**”) and Phase III construction of our manufacturing base in Malaysia (“**Malaysia Project Phase III**”); and
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate purposes.

For details, see “Future Plans and Use of [REDACTED].”

[REDACTED]

SUMMARY

[REDACTED]

[REDACTED]

Our [REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED], we estimate that our [REDACTED] will be approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], including (i) [REDACTED] expenses of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of sponsor, legal advisors and Reporting Accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, we did not incur any [REDACTED]. Subsequent to the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss and approximately HK\$[REDACTED] is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate.

DIVIDENDS AND DIVIDEND POLICY

In 2022, 2023 and 2024, we declared and paid dividends of RMB303.5 million, RMB326.8 million, and RMB1,020.4 million, respectively. As of the Latest Practicable Date, all our dividends declared have been paid in full.

A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Our Shareholders may approve any declaration of dividends.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of any accumulated historical losses and allocations to the statutory reserve equivalent to 10% of our profit after tax.

SUMMARY

RECENT DEVELOPMENTS

In the first quarter of 2025, our sales continued to grow rapidly and our revenue increased significantly compared to the same period in 2024. In particular, the shipment volume of our ESS batteries increased by 80.5% from 7.0 GWh in the first quarter of 2024 to 12.7 GWh in the first quarter of 2025 as we continued to strengthen our customer base and maintain stable deliveries. The shipment volume of our power batteries increased by 57.6% from 6.5 GWh in the first quarter of 2024 to 10.2 GWh in the first quarter of 2025 as we achieved exclusive supply for the pure electric models of leading domestic NEV players, expanded our market share in the PHEV segment, and gained significant market traction in the commercial vehicle sector through our Open-source Battery brand.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024 (being the date of our latest audited financial statements) and there has been no event since December 31, 2024 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in “Glossary”.

“2025 Convertible Bonds”	the convertible bonds issued by our Company of RMB5 billion at a par value of RMB100 in March 2025, and listed on the ChiNext Market of the Shenzhen Stock Exchange (bond code: 123254)
“A Share(s)”	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the ChiNext Market of the Shenzhen Stock Exchange
“A Shareholders”	holders of the A Share(s)
“Accountants’ Report”	the accountants’ report of our Company prepared by RSM Hong Kong, the text of which is set out in Appendix I to this Document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC” or “Accounting and Financial Reporting Council”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended from time to time, which shall become effective upon the [REDACTED], a summary of which is set out in Appendix III to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “our Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong

DEFINITIONS

[REDACTED]

“China”, “mainland China”, or “PRC”	the People’s Republic of China, which, for the purposes of this Document and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China, and Taiwan Region
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	EVE Energy Co., Ltd. (惠州亿纬锂能股份有限公司) (formerly known as Huizhou EVE Battery Co., Ltd. (惠州億緯電源科技有限公司) and Huizhou Jinda Electronics Co., Ltd. (惠州晉達電子有限公司), a PRC company established as a limited liability company on December 24, 2001 with the name of Huizhou Jinda Electronics Co., Ltd. (惠州晉達電子有限公司) and converted into a joint stock limited company on October 30, 2007, the A Shares of which have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300014) since October 30, 2009.
“Compliance Advisor”	Rainbow Capital (HK) Limited
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to EVE Holdings, Dr. Liu and Ms. Luo. See section “Relationship with Our Controlling Shareholders” in this Document

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSDCC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Dr. Liu”	Dr. Liu Jincheng (劉金成), our executive Director and chairman of the Board, and one of our Controlling Shareholders
“EIT”	the PRC enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“Employee Incentive Plan Phase 3”	the amended employee incentive plan of our Company approved and adopted on November 11, 2024, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Employee Incentive Plans” in Appendix IV
“Employee Incentive Plan Phase 4”	the amended employee incentive plan of our Company approved and adopted on October 23, 2023, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Employee Incentive Plans” in Appendix IV
“Employee Incentive Plan Phase 5”	the employee incentive plan of our Company approved and adopted on November 6, 2023, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Employee Incentive Plans” in Appendix IV

DEFINITIONS

“Employee Incentive Plan Phase 6”	the employee incentive plan of our Company approved and adopted on October 9, 2024, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Employee Incentive Plans” in Appendix IV
“Employee Incentive Plans”	Employee Incentive Plan Phase 3, Employee Incentive Plan Phase 4, Employee Incentive Plan Phase 5 and Employee Incentive Plan Phase 6
“EVE Holdings”	EVE Holdings Limited (西藏億緯控股有限公司) (formerly known as Huizhou EVE Holding Co., Ltd. (惠州億緯控股有限公司), Huizhou EVE Technology Co., Ltd. (惠州億緯科技有限公司), and Huizhou Yiwei Industrial Co., Ltd. (惠州市億威實業有限公司)) which is owned as to 50% by Dr. Liu, our executive Director and chairman of the Board, and 50% by his spouse, Ms. Luo, and is one of our Controlling Shareholders

[REDACTED]

“Extreme Conditions”	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period
“F&S”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company, which is an Independent Third Party
“F&S Report”	an independent market research report commissioned by us and prepared by F&S for the purposes of this Document

[REDACTED]

DEFINITIONS

[REDACTED]

“Group”, “our Group”, “our”,
“we”, or “us”

our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)

“Guide for New Listing Applicants”

the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

“H Share(s)”

ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

“HK\$”, “HKD” or “Hong Kong dollars”

Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[REDACTED]

DEFINITIONS

[REDACTED]

“IFRSs”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
“Independent Third Party(ies)”	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

DEFINITIONS

[REDACTED]

“Latest Practicable Date” June 22, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[REDACTED]

“Listing Committee” the listing committee of the Hong Kong Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Main Board” the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange

“MOF” the Ministry of Finance of the PRC (中華人民共和國財政部)

“MOFCOM” the Ministry of Commerce of the PRC (中華人民共和國商務部)

“Ms. Luo” Ms. Luo Jinhong (駱錦紅), the spouse of Dr. Liu, and one of our Controlling Shareholders

“NDRC” the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

“Nomination Committee” the nomination committee of the Board

DEFINITIONS

“NPC” the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

“Options” all stock options to acquire Shares under the Employee Incentive Plan Phase 5

[REDACTED]

“Overseas Listing Trial Measures” the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023

DEFINITIONS

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles of the PRC
“PRC Legal Adviser”	DeHeng Law Offices, the PRC legal adviser to our Company in connection with the [REDACTED]
“PRC Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Document”	this document being issued in connection with the [REDACTED]
“QIB(s)”	qualified institutional buyer(s) within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RSUs”	all restricted shares units to acquire Shares under Employee Incentive Plan Phase 3, Employee Incentive Plan Phase 4 and Employee Incentive Plan Phase 6

DEFINITIONS

“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	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 capital of our Company with a nominal value of RMB1.00 each, including A Shares and H Shares
“Share Incentive(s)”	RSUs and/or Options granted under the Employee Incentive Plans (as the case may be)
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen
“Sole Sponsor”	the sole sponsor as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this Document
	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Track Record Period”	the period comprising the three financial years ended December 31, 2022, 2023 and 2024
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“VAT”	value-added tax

[REDACTED]

“%”	per cent

Certain amounts and percentage figures included in this Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

DEFINITIONS

Unless otherwise stated, 6,872,366 repurchased A Shares which are held as treasury shares by the Company as at the Latest Practicable Date have been included in the total number of issued shares of the Company as at the Latest Practicable Date and immediately after completion of the [REDACTED]. For details of the repurchased A Shares, see “Appendix IV — Changes in the Share Capital of our Company.”

GLOSSARY

This glossary contains explanations of certain technical terms used in this Document in connection with us and our business. As such, some of these terms and their meanings may not correspond to standard industry definitions or usage of these terms and may not be comparable to similar terms adopted by other companies.

“AC”	alternating current, an electric current which periodically reverses direction and changes its magnitude continuously with time
“Ah”	amp-hour, battery capacity unit
“AI”	artificial intelligence
“Andon”	a visual signal system used in manufacturing processes to identify and address issues on the production line
“automotive electronics”	the electronic systems used in vehicles, encompassing everything from basic functions to advanced systems
“backup power function”	refers to a battery’s ability to provide an alternative power source when the primary power supply is unavailable
“battery electric vehicle” or “BEV”	a type of vehicle propelled solely by battery-powered electric motors, without using internal combustion engines
“battery management system” or “BMS”	an electronic system that monitors, manages, and protects batteries or battery packs, ensuring safe operation, optimal performance and extended lifespan
“battery pack”	an assembly of interconnected batteries designed to store and supply electrical energy for various applications
“BBU”	battery backup unit, a component that provides temporary power if mains power fails
“bean cell”	a type of cell, often used in small electronic devices like smartwatches and TWS earphones

GLOSSARY

“behind-the-meter” energy storage or “BTM” energy storage	a type of energy storage system installed on the load side of the grid
“bidirectional cell balancing”	refers to a technique that actively transfers energy between cells in a battery pack during both charging and discharging to equalize their state of charge (SOC) and voltage levels
“CAGR”	compound annual growth rate
“cascade utilization”	the repurposing or reuse (which may or may not involve additional limited processing) of used rechargeable batteries in another application
“cell”	the smallest battery unit
“CLS”	Cooperation, License, Service
“consumer battery”	batteries used to power consumer electronics, portable devices, power tools, UAVs, robots, etc.
“consumer cylindrical cells” or “consumer cylindrical batteries”	a type of cylindrical lithium-ion battery commonly used in power tools, cleaning tools and other consumer electronic devices
“C” or “C-rate”	charge or discharge rate, which refers to the rate at which a battery is charged or discharged relative to its total capacity and is an industry term. A charging current of 2C, 3C, 4C, 6C, and 12C implies that the battery can be fully charged in 1/2, 1/3, 1/4, 1/6 and 1/12 of an hour, respectively
“CTC”	cell-to-chassis, a technology that integrates battery cells directly into the vehicle chassis without modules or packs
“CTP”	cell-to-pack, a technology that integrates battery cells directly into the battery pack without modules

GLOSSARY

“CV”	commercial vehicle, a motor vehicle used primarily for business purposes, specifically for transporting goods, equipment, or paying passengers
“cylindrical cell” or “cylindrical battery”	a type of lithium batteries with a cylindrical shape
“Direct Current Internal Resistance” or “DCIR”	a measure of the opposition to the flow of direct current
“DC”	direct current, an electric current which flows only in one direction
“digital twin factory”	a virtual, dynamic replica of a physical manufacturing facility, created to simulate, monitor, and optimize the entire production process
“distributed power stations”	refer to the use of numerous, smaller battery systems located at or near the point of energy consumption, rather than a single, centralized battery storage facility
“dual-side liquid cooling technology”	refers to a thermal management system where liquid coolant is circulated on both sides of battery cells or modules to dissipate heat more efficiently than single-sided cooling
“electric vehicle” or “EV”	vehicles powered fully or partially by battery, comprising of BEV, PHEV and HEV
“electrode”	a conductor through which electric current enters or exits a battery cell. There are two types of electrodes, anode and cathode
“electronic atomizers”	a heating element that vaporizes a liquid solution
“EMS”	energy management system, a system combining software and hardware that optimally distributes energy flows between connected distributed energy resources
“energy density”	the amount of energy stored in a given system or substance per unit of volume or mass
“energy retention rate”	the percentage of a battery’s original energy capacity that remains after a period of storage or cycling

GLOSSARY

“ESS”	energy storage system, a device or group of devices assembled together, capable of storing energy in order to supply electrical energy at a later time
“ESS battery”	a battery used for energy storage system
“ETC”	electronic toll collection, a system that allows vehicles to pay tolls electronically without stopping at toll booths
“eVTOL aircraft”	electric Vertical Take-Off and Landing aircraft, an aircraft powered by electric propulsion systems that can take off, hover, and land vertically
“extreme manufacturing”	highly precise and controlled battery production processes designed to meet strict requirements for performance, safety, durability, and scalability
“GW”	gigawatt, a unit for measuring power, 1 GW=1 billion watts
“GWh”	gigawatt-hours, a unit of electric energy, 1 GWh=1 billion Wh
“cycling performance”	refers to a battery’s ability to maintain its capacity and performance through repeated charge and discharge cycles
“high specific energy”	the amount of energy a battery can store per unit of weight, typically measured in Wh/kg
“impedance”	opposition to the flow of electrical current, encompassing both resistance and reactance
“installed capacity”	the volume of battery products installed in EVs or ESSs, usually expressed in electricity unit of GWh, mWh, or kWh

GLOSSARY

“integration efficiency”	integration efficiency refers to how effectively a battery can be integrated into a system, considering factors like energy conversion, power management, and compatibility with other system components. High integration efficiency means the battery operates optimally within the system, maximizing performance and minimizing electrical, thermal and management losses
“IoT”	the Internet of Things, the vast network of physical devices embedded with sensors, software, and other technologies to collect, exchange, and act on data via the Internet or other communication networks
“kW”	kilowatt, a unit for measuring power, 1 kW=1,000 watts
“kWh”	kilowatt-hours, a unit of electric energy, 1 kWh=1,000 Wh
“LCO”	lithium cobalt oxide (LiCoO ₂), a widely used cathode material in lithium-ion batteries, known for its high energy density, stable performance and good cycle life
“LEV”	Light electric vehicles, such as two-wheelers and tricycles
“cycle life”	the number of times (or cycles) a battery can charge and discharge until its retirement
“lithium iron phosphate batteries” or “LFP batteries”	a type of battery that uses lithium iron phosphate (LFP) as the cathode material
“lithium metal secondary batteries”	a type of rechargeable batteries that utilizes a lithium metal anode
“lithium thionyl chloride battery” or “Li-SOCl₂ Battery”	a type of battery that uses thionyl chloride as the electrolyte, carbon material as the cathode, and lithium as the anode
“lithium-ion battery”	rechargeable batteries that utilize lithium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
“lithium-manganese battery” or “Li-MnO₂ battery”	a type of lithium battery that uses lithium manganese oxide (Li-MnO ₂) as the cathode material

GLOSSARY

“lithium manganese iron phosphate batteries” or “LMFP batteries”	a type of LFP batteries that includes manganese as a cathode component
“low-altitude drones”	vehicles designed to operate at altitude below traditional aviation altitudes
“mΩ”	SI unit of electrical impedance
“medical batteries”	a type of battery that supplies power to medical devices
“millivolt”	a unit of electrical potential equal to one-thousandth of a volt
“MWh”	megawatt-hours, a unit of electric energy, 1 MWh=1 million Wh
“NCA”	nickel-cobalt-aluminum ternary materials, which can be used as cathode materials for high specific energy density batteries
“NCM”	nickel-cobalt-manganese ternary materials, which can be used as cathode materials for high specific energy density ternary batteries
“PCS”	power conversion system, a system that regulates power flow in an energy storage system
“PHEV”	plug-in hybrid electric vehicles
“pilot production line”	a small-scale, pre-commercial production line used to test and refine new battery technologies, manufacturing processes, and gather data for scaling up to full-scale production
“POS terminal”	a hardware device used to process customer transactions
“pouch cell”	a type of lithium-ion battery characterized by its flexible, lightweight, and flat, pouch-shaped design
“power battery”	a battery used in EV, machinery construction, electric two-wheelers and other mobility applications

GLOSSARY

“power output”	measurements of how much energy can be delivered per unit of time, typically measured in watts
“primary lithium battery”	a type of disposable battery that uses lithium metal as an electrode and is designed for one-time use.
“steel-cased”	refer to battery casing made of steel
“PV”	passenger vehicles
“R&D”	research and development
“self-discharge rate”	the rate at which a battery loses its charge over time when it is not connected to an external circuit and is not actively being used
“semi solid state batteries”	an emerging type of rechargeable battery that combines features of both traditional liquid-electrolyte lithium-ion batteries and all-solid-state batteries
“separator”	a permeable membrane placed between a battery’s anode and cathode, keeping the two electrodes apart to prevent electrical short circuits while also allowing the transport of ionic charge carriers needed to close the circuit during the passage of current in an electrochemical cell
“smart meters”	a digital energy meter that automatically records and transmits utility consumption data to utility companies
“sodium-ion battery”	batteries that utilize sodium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
“solid electrolyte”	a new type of electrolyte in which the electrolyte changes from liquid to solid. According to the content of the electrolyte, it is divided into semi-solid electrolyte, solid electrolyte, etc.
“solid-state batteries”	a battery technology that replaces the liquid or gel electrolyte found in traditional lithium-ion batteries with a solid material

GLOSSARY

“stacking”	a process where electrode and separator sheets are precisely cut and layered on top of each other to form a multi-layered structure, which is then divided into smaller cell units and assembled into a complete battery
“state of charge” or “SOC”	the percentage of energy remaining in a battery relative to its full capacity
“ternary batteries”	a type of lithium-ion battery where the cathode material is composed of three different metals, typically nickel, cobalt, and manganese or nickel, cobalt, and aluminum
“tire pressure monitoring systems” or “TPMS”	a system monitors the air pressure inside the pneumatic tires on vehicles
“TWS headsets”	True Wireless Stereo headsets that can be wirelessly connected
“UAV”	unmanned aerial vehicles, also called a drone; an aircraft that operates without a human pilot onboard
“volumetric energy density”	the amount of energy that can be contained within a given volume
“Wh/kg”	Watt hour per kilogram

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Document, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “ought to”, “project”, “seek”, “should”, “will”, “would”, “vision”, “aspire”, “target”, “schedule”, and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;

FORWARD-LOOKING STATEMENTS

- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors”.

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. These risks could materially and adversely affect our business, financial condition, and results of operations. The [REDACTED] of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition, and results of operations. You should seek professional advice from relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof and is subject to the cautionary statements in the section titled “Forward-Looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Fluctuations in demand in the downstream markets of our battery products may materially and adversely affect our business, results of operations and financial condition.

The sales performance of our battery products depends significantly upon the performance of the downstream markets of the end products in which our batteries are installed. Our main products include consumer batteries, power batteries and ESS batteries. Our consumer batteries are used in a wide range of use cases including everyday electronics, power tools, IoT and medical devices. Our power batteries are used in various types of EVs as well as new energy construction machinery. Our ESS batteries are mainly used in various ESS as well as new energy vessels. We sell our battery products to renowned industry players in these downstream markets. Demand in these downstream markets may fluctuate due to various factors beyond our control, including but not limited to the macroeconomic environment, changes in end-user preferences, cost efficiency and emerging new technologies. Any downturn in such market demand may cause a decrease in our sales and force us to lower pricing to maintain our market position and market share, thereby materially and adversely affecting our business, results of operations and financial condition.

If we fail to maintain technology leadership in the battery industry, our operating results may be adversely affected.

Since inception, we have consistently made significant investments in R&D, and established technological advantages in battery materials, battery manufacturing, battery recycling and other related areas. Through these efforts, we have established industry-leading technological R&D capabilities. The battery sector is at a stage of rapid development and technology innovation continues to emerge. We cannot guarantee that we will be able to timely

RISK FACTORS

adapt our R&D focus to technological and industry trends, successfully launch and commercialize new products, or complete our R&D goals within the anticipated time and budget. Meanwhile, industry players are investing in the R&D of innovative technologies. If our competitors develop new technologies that we fail to keep up with, these technologies may provide them with performance or price advantage over us, potentially undermining our established technology barrier and competitive advantages. If any of these events occurs, our business, results of operations and financial condition could be materially and adversely affected.

The battery industry is competitive. Our failure to successfully compete could materially and adversely affect our market position and market share.

The global new energy industry is competitive and highly concentrated, and competition may be even more intense in the future. According to Frost & Sullivan, by shipment volume, the top five consumer battery, power battery and ESS battery companies accounted for 61.9%, 59.0% and 76.7% of the global market in 2024, respectively. As measured by shipment volume in 2024, we held a market share of 11.7% amongst consumer battery, 2.8% amongst power battery and 17.2% amongst ESS battery globally.

Our existing competitors may seek to increase their market shares through various measures, such as continued R&D efforts, increased production capacity, optimized production process and active marketing campaigns. Our competitors may also have greater financial resources than us. We expect to face competition from both existing and new competitors as we expand into new geographical markets and launch new products. Competitive pressure could also have an adverse impact on the demand for and pricing of our products, which in turn affects our growth and market share. Even if there is sufficient downstream demand for our products, there is no guarantee that we will always succeed in competing with other market players for orders from downstream customers. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition.

We may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability, and lead to decrease in the demand for our products.

Technological innovation is critical to our success, and we have made significant investments in R&D since our inception. In 2022, 2023 and 2024, our research and development expenses were RMB2,153.1 million, RMB2,731.6 million, and RMB2,942.3 million, respectively. In order to maintain and expand our competitive advantages, we plan to continue investing significant financial resources in our R&D projects. In addition to our in-house research and development capabilities, we also engage in joint research and development collaboration with third parties including both domestic and overseas business partners and independent research facilities to jointly develop new technologies and products. See “Business — Research and Development.”

RISK FACTORS

However, as research and development activities are inherently uncertain, we cannot assure you that our research and development projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will achieve wide market acceptance or enjoy the advantages as we expected. Furthermore, the battery industry is characterized by rapid technological changes and evolving industry standards, which are difficult to predict. This, together with the frequent introduction of new technologies, vehicle types, battery products and models, has shortened battery product life cycles and may render our products obsolete or less marketable. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in demand for our products and our competitive position. Even if such products can be successfully launched, we cannot assure you that they will be accepted by our customers and achieve anticipated sales target or profit.

In addition, many private and public companies and research institutions are actively engaged in the development of new battery technologies that may bring competitive advantages over the mainstream battery products in the market. Our existing or potential competitors may develop products which are similar or superior to our products or more competitively priced. If our competitors develop new technologies that we are not able to keep up with, such technologies may provide them with significant performance or price advantages over us and our technology leadership and competitive strengths may be adversely affected. Some of our competitors are also conducting research and development on alternative battery technologies, such as fuel cells and super capacitors, and academic studies are ongoing as to the viability of sulfur and aluminum-based battery technologies. If any viable substitute products emerge and gain market acceptance because they have more enhanced features, more practical applications, more power, more attractive pricing, or better reliability, the market demand for our products may decrease, and accordingly our business, financial condition and results of operations would be materially and adversely affected.

Due to uncertainties in the time frame for developing new products and the duration of market window for these products, there is risk that we may have to abandon a product or a potential product that is no longer commercially viable, even after we have invested significant resources in the development and commercialization of such product. If we fail to effectively keep up with rapid technological changes and evolving industry standards by introducing new and enhanced products, our significant expenditures on research and development may not generate corresponding benefits, which may materially and adversely affect our business, prospects, financial condition and results of operations.

RISK FACTORS

Failure to launch new and innovative products or keep up with evolving market trends may materially and adversely affect our market share and profitability.

To achieve effective competition in the power battery industry, we need to continuously develop and launch new battery products. The development and launch of new products involve complex efforts and there may be uncertainties at various stages before a product is launched. Any delay in the financing, design, production and eventually the launch of our new products could materially damage our competitiveness. To the extent that we delay the launch of our new products, our growth prospects could be adversely affected as we may fail to compete with our peers, keep up with competing products, or grow our market share. Due to the uncertainty in the market window for the new products, any delay in launch of new products may result in the obsolescence of such products and our investments in developing such products may become sunk costs, which will materially and adversely affect our business, financial position and results of operations.

If we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations will be adversely affected.

We cannot guarantee that we could retain our existing customers or attract new customers as we did during the Track Record Period, or at all. Our ability to retain existing customers and attract new customers depend on a number of factors, including our ability to develop new and innovative products, our ability to offer competitive pricing, and our ability to maintain good business relationships with our customers. Furthermore, customers may find defects or other performance problems in our products, which could hurt our reputation and may damage our customers’ businesses. If we fail to retain our existing customers or attract new customers in the future, our business, financial conditions and results of operations will be adversely affected.

In addition, we may fail to predict the future level of demand for our products as the demand of our customers may be affected by a combination of factors beyond our control, such as market or economic conditions, changes in policies and regulatory environment, making it difficult to predict our future financial performance. If we fail to respond to constant changes in market conditions and policies, or if the markets we operate in do not develop as we expect, we may lose business opportunities, and our business and results of operations may be materially and adversely affected.

RISK FACTORS

Our profitability maybe materially and adversely affected if we are forced to lower the selling prices of our products.

We may be forced to adjust the prices of our products in accordance with market conditions and fluctuations in raw material prices. We cannot assure that we will not experience any material and adverse effect on our financial results if we lower the prices of our products in future if the related costs do not also decline or if we cannot make up for the decreased pricing by increasing sales volume. Any potential decrease in the selling prices of our products in the future, including in response to changes in raw material prices, increased market competition or general economic conditions, may have a material adverse impact on our business, financial condition, results of operations and prospects.

We face risks of sharing relevant research and development results with our collaboration partners at the level of jointly established entities.

During the Track Record Period, we collaborated with renowned university and research institutes for certain R&D projects. See “Business — Research and Development.” for details of relevant cooperation agreements. We may enter into similar arrangements to cooperate on R&D projects or to jointly establish R&D entities such as joint laboratories with other third parties in the future. Our agreements in relation to these collaborations may require us to share relevant research and development results with these partners at the level of jointly established entities. There is no assurance that our relevant counterparties would not advertently or inadvertently misuse the research and development results that we collaboratively form, or misappropriate the research and development results owned solely by us and that are incidentally shared during our collaboration with them. Our business, financial condition and results of operations may be adversely impacted if any of the aforementioned incidents happen.

We face risks associated with our global operations and business expansion.

We operate globally and have been actively expanding our overseas footprint. As part of our development strategies, we will continue to expand our business overseas, which will expose us to a number of risks, including, but not limited to:

- fluctuations in foreign currency exchange rates;
- trade barriers such as export requirements, tariffs, taxes, trade sanctions and other restrictions and expenses in different jurisdictions;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing and sales presence in various countries;
- difficulty in providing satisfactory customer service and support in these markets;
- difficulty in completing construction on time, if at all;

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- difficulty with local staffing, particularly personnel engaged in R&D, administrative management, and product delivery;
- difficulty with managing the complexity of global operations;
- failure to develop and implement appropriate risk management and internal control structures tailored to global operations;
- difficulty and cost relating to compliance with different commercial and legal requirements of the markets in which we offer or plan to offer our products, including our ability to meet evolving product standards set by different regulatory or government authorities;
- failure to obtain or maintain permits for our products or services in these markets;
- different safety concerns and measures needed to address accident related risks in different countries and regions;
- inability to obtain, maintain or enforce intellectual property rights; and
- unanticipated changes in prevailing economic conditions and regulatory requirements.

We face risks associated with the international sales of our products, such as the current tensions in international trade and rising political tensions. If we are unable to effectively manage these risks, our business and financial condition and results of operations may be materially and adversely affected.

We sell our products to overseas customers in countries or regions, as well as customers who may incorporate our products and sell their end-products overseas. Our business and sales overseas are affected by the current international trade tensions and global economic conditions, such as economic sanctions, export or import controls against certain countries or regions or against targeted industry sectors, groups of companies or persons, and/or organizations. Furthermore, the uncertainty in global economic conditions could result in substantial volatility in global credit markets. These conditions may reduce prices that our customers may be able or willing to pay for our products or lead to a decrease in the demand for our products, which could in turn negatively impact our sales and result in a material adverse effect on our business, results of operations and financial condition.

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If our current and future infrastructure, internal systems, operational processes, and control measures are unable to support our continuous business expansion, our business and prospects may be materially and adversely affected.

Our business has been growing in recent years, so has the scope of our business and number of employees. As we expand our product portfolio, customer base and geographical coverage, we will need to work with a larger number of suppliers and partners efficiently. We also need to continuously enhance and upgrade our infrastructure and technology, optimize our supplier management, refine our reporting systems and operational procedures, expand our employee base, train and incentivize our employees, and improve our internal control. All these efforts will require significant managerial, financial and human resources. We cannot assure you that such efforts will be successful. We cannot assure you that our current and future infrastructure, internal systems, operational procedures and internal control measures will be adequate and successful to support our expanding business or that our strategies and new business initiatives will be executed successfully. In addition, changes and developments taking place in industries that we operate in may also require us to re-evaluate our business model and adopt material changes to our long-term strategies and business plans. Our failure to adapt to these changes and developments and innovate may have a material adverse effect on our business, financial condition and results of operations. Even if we adapt to these changes and developments and innovate, we may nevertheless fail to realize the anticipated benefits of changes due to these measures, or our profitability may be harmed as a result.

We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production output in a timely manner or at all as envisaged.

While our production capacity achieved to date is already at commercial scale, it has not achieved what we expect will be necessary to fully meet the demand we see in the market for our products. We expect to expand our production capacity to meet customers’ expected demands for our products. Such expansion will impose significant responsibilities on our senior management and require significant commitment of our resources, including financial resources and the time needed to identify, recruit, maintain, and integrate additional employees. Our proposed expansion will also expose us to greater overhead and support costs and other risks associated with the manufacture and commercialization of new products. Difficulties in effectively managing the budgeting, financing, forecasting and other process control issues presented by such expansion could negatively affect our business, prospects, results of operations and financial condition. Such expansion is also required to obtain various approvals, permits, licenses and certificates and complete relevant inspections by and filings with competent government authorities across various jurisdictions. There is no assurance that we will be able to execute our expansion plan as contemplated or at all. Any delay or failure to obtain relevant approvals, permits, licenses and certificates or complete the inspections and filings for our production expansion projects may materially delay our production expansion or even result in the cancellation of such plans, which may adversely affect our business, financial conditions and results of operations.

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We purchase certain key raw materials from third parties, and we may not be able to secure our supply of such key raw materials in a stable and timely manner or on commercially reasonable terms, or at all.

We currently purchase certain key raw materials needed for the manufacturing of our battery products from third parties, such as cathode and anode materials, electrolyte, and separators. We cannot guarantee that our strategic arrangements with major suppliers will always lead to stable supply of sufficient quantity of our key raw materials. Our suppliers may also be unable to satisfy our quality standards. Moreover, the prices of these raw materials could fluctuate significantly due to circumstances beyond our control. See “Business — Supply Chain.” If our current suppliers are unable to satisfy our demand for raw materials on a timely basis, we may be required to seek alternative sources for necessary raw materials or make other adjustment measures. If we fail to do so, or incur excessive costs in doing so, our manufacturing process will be significantly delayed, and we may be unable to timely deliver our products, which may result in decline in demand for our products and damage to our overall reputation. Our business, results of operations and financial condition may therefore be materially adversely affected.

Trade restrictions, tariff, or sanctions on our products or the end products in which our batteries are installed may adversely affect our business.

Our customers’ sales in certain jurisdictions may become subject to trade restrictions and tariffs, which could impact their sales volume and in turn their procurement from us. Such tariffs and trade restrictions may impact our customers’ sales, which may in turn impact our sales of battery products. For example, during the Track Record Period, we sold our products to customers in Europe. For sales to the overseas customers during the Track Record Period, tariffs shall be borne by the relevant customers pursuant to the terms of the respective agreements. The imposition of additional tariffs and trade restrictions may still adversely impact our competitiveness in the European market. Chinese manufacturers, including us, may face greater pricing pressure compared to peers based in other regions, particularly those not subject to such tariffs. This could lead to reduced demand for our products and services or require us to adjust our pricing strategy, which may adversely affect our business, financial condition, and results of operations. There is no guarantee that additional tariffs or trade restrictions will not be imposed in the future, which could further impact our ability to compete in overseas markets.

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We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities due to, among others, failure to comply with safety measures and procedures.

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies, including occupational safety and fire safety related procedures and protocols. During the Track Record Period, we did not experience any material safety-related or occupational accidents. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees. As our manufacturing process is complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur. In addition, our existing manufacturing protocols may not be sufficient to prevent all types of malfunctioning or above accidents, some of which may have never arisen and may not have been foreseen when the current protocols are created. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have sufficient insurance to cover such liabilities, which may adversely affect our business, results of operations and financial condition.

Potential unsatisfactory performance of or defects in our products may cause us to incur significant additional expenses and costs, result in product recalls, tarnish our reputation, expose us to product liability claims and cause our sales and market share to decline.

Our sales contracts normally require our customers to conduct inspection upon receipt. We also provide after-sales warranty for a period based on either number of charge cycles or years of usage. During the warranty period, we will provide repair, maintenance or replacement for products with quality problems, subject to terms and regulations on the use and testing of the products. For details, see “Business — Sales, Marketing and Customers.” If we experience a significant increase in product return incidents and/or warranty claims we may incur significant repair and replacement costs associated with such claims. In addition, our failure to maintain the consistency and quality throughout our production process could result in substandard quality or performance of our products. If we deliver our products with defects, or if there is a perception that our products are of substandard quality, we may incur substantially increased costs associated with returns or replacements of our products, our credibility and market reputation could be harmed, and our sales and market share may be materially adversely affected. This could have a material adverse effect on our business, financial condition and results of operations.

Any failure to maintain an effective quality management system may materially and adversely affect our business, reputation, financial condition and results of operations.

Our product quality is critical to our success. Therefore, we have a quality management system in place. The effectiveness of our quality management system depends on a number of factors, including supplier selection, raw material testing, the design of the production process, the equipment used, inventory testing, after-sales tracking and monitoring and our ability to ensure that our employees adhere to our quality management policies and guidelines. We are

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required to comply with specific guidelines based on applicable laws and regulations relating to product safety and handling of restricted and hazardous materials. Our safety standards for the inspection of our products are also based on relevant national and industry standards. We cannot assure you that our quality management system will continue to be effective or in compliance with relevant laws, regulations and standards. See “Business — Quality Control.” Any significant failure in or deterioration of the efficacy of our quality management system could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our business, financial condition and results of operations.

We face various risks relating to the transportation of our battery products.

In the course of our domestic and overseas product delivery, certain of our customers require long-distance transportation of our products. The transportation of a large volume of our products may expose us to various risks, including (i) increases in transportation costs, (ii) loss of our products as a result of any accidents that may occur in the transportation process, and (iii) delays in the transportation of our products as a result of any bad weather conditions, natural disasters or other conditions adversely affecting road traffic. Any of these risks could have an adverse effect on our business and results of operations.

Our reputation is key to our business success. Negative news or publicity may adversely affect our reputation, business and growth prospects.

Any negative news or publicity in relation to us, or any of our Directors, management, Controlling Shareholders and joint ventures or business partners or counterparties, or any of their respective affiliates, among others, whether or not they act on our behalf or otherwise utilize or share our brand name, and even if proven untrue, could adversely affect our reputation, business and growth prospects. We cannot assure you that such negative news or publicity would not damage our reputation or brand image. Given our specialized industry and market, negative news, publicity and word of mouth could spread quickly and negatively impact our reputation, brand image or relationship with third parties, which could have a material adverse effect on our business and growth prospects.

Compliance with environmentally safe production and construction and renewable energy development regulations can be costly, and non-compliance with such regulations may result in adverse publicity and potentially significant monetary damages, fines and suspension of our business operations.

Our business and operational activities, such as the production and sales of our products, storage and transportation of our products and raw materials, are governed by laws and regulations, administrative determinations, and similar constraints, especially those relating to environmental protection, handling of hazardous substances, and use of chemicals. Moreover, we are required to obtain construction permits before commencing constructing manufacturing bases, and obtain the approvals from competent environmental protection authorities before commencing commercial operations of our production bases. We are also required to comply

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with renewable energy development regulations and directives. Compliance with the environmentally safe production and construction and renewable energy development regulations can be economically costly and time consuming, which may divert the attention and resources of our Directors and management for operation of our business, in turn adversely affect our business operation and financial performance.

Work stoppage, increases in labor cost and other labor related matters may have an adverse effect on our businesses.

Good working relationship with our employees and reasonable labor cost is crucial to our operations and success. We have not experienced any material work stoppages, strikes or other major labor problems during the Track Record Period. However, there is no assurance that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage whether voluntarily or for reasons beyond their control, we could experience significant disruption of our operations and/or higher on-going labor costs, which may have an adverse effect on our businesses, financial condition and results of operations. Any conflicts between us and our employees or between our suppliers and customers and their respective unions, if any, could have an adverse effect on our financial condition and results of operations.

In addition, our labor costs may potentially increase in the future. We may not be able to pass on these increased costs to customers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease, which could have an adverse effect on our financial condition and results of operations.

The reduction, modification, delay or elimination of government subsidies, and other economic incentives may adversely affect our business and financial results.

We recorded other income from government grants of RMB1,021.1 million, RMB1,778.1 million and RMB1,396.3 million in 2022, 2023 and 2024, respectively. Not all of the government subsidies are recurring in nature. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss.” Policies and regulations adopted by the governments are important to the continuing success of our business. Existing incentive programs may be reduced or eliminated for economic, political, financial or other reasons. In addition, the local governments may delay the implementation or fail to fully implement central government regulations, policies or initiatives, and the development focus of local government may shift to other industries over time. We cannot assure you that we will be able to receive any such government subsidies in the future. If we are unable to receive the government subsidies in the future at the same level as we had during the Track Record Period, our financial condition and results of operations for the period may be adversely affected.

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Our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, which may adversely affect our ability to raise additional capital to fund our operations.

During the Track Record Period, we had certain borrowings to finance our business operations and capital expenditures. We expect that we may continue to do so in the future and our liquidity risk may increase. As of December 31, 2022, 2023 and 2024, our borrowings amounted to RMB21,009.4 million, RMB21,936.4 million and RMB25,449.7 million, respectively. The borrowings bore an effective interest rate from 0.75% to 6% per annum, respectively. We are exposed to interest rate risk resulting from interest rate fluctuations. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects. We cannot assure you that we will not have a substantial amount of borrowings in the future. The high amount of borrowings may (i) make it more difficult for us to fulfill our obligations under relevant indebtedness, exposing us to the risk of default, which, in turn, would negatively affect our ability to operate as a going concern; (ii) require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flow for other purposes (such as working capital, capital expenditure and other corporate purposes); (iii) expose us to higher pressure under adverse economic or industry conditions; (iv) limit our flexibility in planning for strategic targets, or reacting to changes in our business or in the industry in which we operate; (v) potentially restrict us from pursuing potential strategic business opportunities; (vi) limit our ability to borrow additional funds; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential product liability and/or expenses for upgrading technologies or equipment requirement for our production; and (ix) limit our finance budget, each of which will materially and adversely impact our business, results of operations and financial condition. As a result of the covenants and restrictions, our business may be limited, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. A breach of any of the negative covenants could result in a default with respect to the related indebtedness. If a default occurs, the relevant lenders could demand immediate payment. This, in turn, could cause cross-default or payment acceleration of our other debts. In the event that some or all of our debt payments are accelerated and become immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt.

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The success of our business is affected by our ability to attract, train and retain highly skilled employees and key personnel.

As a result of the highly specialized, technical nature of our business, we must attract, train and retain a sizable workforce comprising highly-skilled employees and other key personnel. If one or more of our highly skilled employees or key personnel were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Moreover, as our industry is characterized by high demand and intense competition for talent, we may have to pay higher remuneration and provide greater benefits in order to attract and retain highly skilled employees or other key personnel that we will need to achieve our strategic objectives. Our ability to recruit, train and integrate new employees into our operations may not meet the demands of our business. Our failure to attract, train or retain highly skilled employees and other key personnel in numbers that are sufficient to satisfy our needs would materially and adversely affect our business and the results of operations. Staff that we are unable to retain also pose a risk, since they can inform competitors of our commercially sensitive information and may reduce our technological advantages over our competitors.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have implemented risk management and internal control systems and adopted risk management tools available to us with respect to our business operations. However, there is no assurance that our risk management, internal control systems and risk management tools are adequate or effective to fully protect us against the potential risks inherent in our business. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations and prospects may be materially and adversely affected.

Further, the successful implementation of our risk management and internal control systems depends on our management, employees and business partners. There is no assurance that our management, employees and business partners will strictly observe and adhere to relevant measures and policies. There is also no assurance that our management, employees and business partners will be able to carry out relevant measures and policies without human errors or mistakes. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in material and adverse effect on our business and results of operations.

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We depend on information technology and other infrastructure that are exposed to certain risks, including cyber security risks.

We rely on our computer systems and network infrastructure to conduct and monitor the daily operations of our manufacturing facilities, and to collect accurate up-to-date financial and operating and other transaction data for business analysis. We also rely on such systems and infrastructure to collect, process and store transactional data concerning our customers, and business partners. Therefore, our business is dependent upon the continued maintenance and enhancement of our computer systems and network infrastructure. Such systems and infrastructure are subject to certain risks, such as malfunction, nature disasters, and also the cyber security risks. Although we have devoted significant resources to develop our security measures against cyber security issues, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. In cases of ransomware attacks, we may be asked to make a large lump-sum payment in order to resume the operation of our system, which may materially and adversely impact our business and financial condition. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate or implement adequate measures to protect against these attacks. There is no assurance that we will not be subject to any of those cyber security issues in the future. Any failure to adequately deal with such issues would result in a material and adverse effect on our business and results of operations.

We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we begin operations in overseas markets, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. During the Track Record Period, we maintain product liability insurance, property insurance, employee insurance and other insurances for our business operations. There is no

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assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

Designing, manufacturing and sales of quality products that are safe and reliable is of vital importance to our business. However, we may be subject to lawsuits of product liability claims, product recalls, or redesign efforts, all of which would be time consuming and expensive. Our product liability insurance may not be sufficient to cover potential liability claims. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product recalls and product liability claims could prevent or inhibit the commercialization of our products or could result in a loss of customers and decrease in revenue, unexpected expenses and a loss of market share. If any of our products are found to have reliability, quality or compatibility problems, we will be required to accept returns, provide replacements, provide refunds, or pay damages. We cannot assure you that as we continue distribution of our products, we will be able to obtain or maintain adequate insurance coverage on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. In the event that our exposure to liabilities exceeds the coverage of our insurance, we may still be required to incur substantial amounts, which would materially and adversely affect our business, financial condition and results of operations.

Our strategic acquisitions or investments may not be successful, and we may not realize anticipated strategic benefits and financial returns from such transactions.

We have engaged in strategic acquisitions and other investments, such as joint ventures, in order to expand our production capacity, secure our raw material supplies, diversify our product portfolio, gain access to new markets and acquire new technologies. The success of joint ventures depends on a number of factors, some of which are beyond our control. In accordance with PRC laws and regulations, the investment agreement and the articles of association of the joint ventures, certain matters relating to the joint ventures require the consent of all parties to the joint ventures, while we do not own the entire equity interests in such joint ventures. Therefore, such investment agreements involve a number of risks, including (i) we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our joint ventures if there is a disagreement between us and our partners; (ii) joint ventures may experience a change of control; (iii) our partners may have economic or business interests or goals or philosophies that are inconsistent with ours; (iv) our partners may be unable or unwilling to fulfill their obligations under the investment agreements.

In addition, our investments in joint ventures are subject to liquidity risk, since they are not as liquid as other investment products. Due to the illiquidity nature of our investment in joint ventures, we may significantly limit our ability to disposal of our investment in joint ventures in respond to adverse changes in economic, financial and investment conditions. We cannot predict whether we will be able to dispose of any of our interests in the joint ventures on favorable terms. Also, we cannot predict the length of time we need to find a purchaser and

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to complete the relevant transaction. If there are no dividends received from our joint ventures or share of their results, we will also be subjected to liquidity risk and our financial condition or results of operations could be adversely affected.

If any of the above risks materialized in the future, our relationship with those joint venture partners and the related joint venture business may be adversely affected, which in turn would affect our business, financial condition and results of operations.

We have investments in associates and joint ventures, and our financial condition and results of operations may be affected by the fluctuation of share of results and level of indebtedness of such investments.

During the Track Record Period, we invested in certain associates and joint ventures, which were accounted for using the equity method. As of December 31, 2022, 2023 and 2024, the balances of our investments in associates and joint ventures were RMB11,504.5 million, RMB14,410.7 million and RMB14,866.7 million, respectively. Our equity investments may be subject to a variety of risks that are beyond our control, including but not limited to the risks that (i) the investee company incurs liabilities and expenses in excess of expectations and relevant negative matters that we fail to identify in our due diligence; (ii) the investee company is making a loss; (iii) the investee company fails to meet the conditions under which it may declare and pay dividends; or (iv) other shareholders of these associates and joint ventures have economic or business objectives that are inconsistent with ours, suffers financial difficulties, or is unable or unwilling to fulfill its obligations under the investment contract. If any of these events occur, our business, financial condition and results of operations may be adversely affected.

Our facilities or operations could be damaged or adversely affected as a result of natural disasters, other catastrophic events or risks related to health epidemics and pandemics.

Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars, health epidemics and pandemics, and other calamities. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to produce our products and provide services. We also face various risks related to public health issues, including epidemics, pandemics, and other outbreaks. The impact of such public health issues, including changes in consumer and business behavior, pandemic fears and market downturns, and restrictions on business and individual activities, may create significant volatility in the global economy and led to reduced economic activity.

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RISKS RELATING TO OUR FINANCIAL PERFORMANCE

Our profit margins and results of operations may be materially and adversely affected by increases in the costs of raw materials used in our production.

Cost of direct materials, comprising the raw materials and components we procure for the manufacturing of our battery products, comprise the largest portion of our cost of sales. The raw materials we procure mainly include cathode, anode, electrolyte and separator. Prices of raw materials have a significant impact on our cost of sales. The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of resources, market demand, potential speculation, market disruptions, natural disasters and other factors. In addition, technological evolutions may also lead to changing demands for different types of raw materials, which may significantly affect their prices. We may not be able to obtain stable, high-quality raw materials at reasonable prices and satisfactory quality at all times.

The cost of our raw materials is significantly affected by the prices of metals or commodities such as lithium, nickel and cobalt. During the Track Record Period, we experienced a surge in the prices of certain key raw materials in 2022, which then decreased in 2023. We cannot assure you that we will not experience significant fluctuations in the prices of raw materials in the future. We may need to adjust the prices of our products accordingly to pass down increased costs onto our customers or lower our pricing to maintain competitiveness, or secure alternative sources of supply, or maintain. However, we cannot assure you that we will be able to pass all or a portion of the increased costs to our customers due to factors such as competition, or we will be able to find alternative sources in a timely and cost-effective manner, or at all. Additionally, we may not be able to effectively mitigate the impact of raw material price fluctuations despite the measures put in place. If we fail to respond appropriately to the increases in the prices of raw materials needed for our products, we may again incur significant impairment losses on inventories in the future, and our business, financial condition and results of operations may be materially and adversely affected.

We may fail to recover our trade receivables in a timely manner, which may affect our financial condition and results of operations.

Although we have recorded net cash inflow during the Track Record Period, there is no assurance that we will continue to generate net cash inflows from our operating activities in the future. In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity, financial condition and prospects may be adversely affected. We cannot assure you that we will continue to have sufficient cash from other sources to fund our operations. If we resort to other financing activities to obtain additional cash, we will incur additional financing costs, and we cannot assure you that we will be able to obtain financing to satisfy our needs of cash flow on terms acceptable to us, or at all. We may fail to recover our trade receivables in a timely manner, which may affect our financial condition and results of operations. Our impairment losses on

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financial assets and contract assets increased from RMB180.4 million in 2023 to RMB270.1 million in 2024 as certain of our customers faced operational challenges and was deemed unlikely to meet their payment obligations. For details, see “Financial Information.” As of December 31, 2022, 2023 and 2024, our trade and bills receivables amounted to RMB10,841.1 million, RMB14,195.5 million and RMB16,081.4 million, respectively. Our trade and bills receivables turnover days amounted to 89.1 days, 99.1 days and 120.3 days in 2022, 2023 and 2024, respectively. There can be no assurance that we will be able to maintain our trade and bills receivables turnover days at a reasonable level. Should the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade receivables in full for any reason, we may continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected.

We may recognize impairment loss on our prepayments, other receivables and other assets.

We recorded current prepayments, other receivables and other assets of approximately RMB3,780.8 million, RMB1,425.5 million and RMB1,752.5 million as of December 31, 2022, 2023 and 2024, respectively. We also recorded non-current prepayments, other receivables and other assets of approximately RMB8,279.0 million, RMB3,689.1 million and RMB4,347.8 million as of December 31, 2022, 2023 and 2024, respectively. During the Track Record Period, our prepayments, other receivables and other assets primarily include prepayments for property, plant and equipment, loans to an associate and other tax receivables. We recorded impairment allowance for our current prepayments, other receivables and other assets of RMB3.4 million, RMB5.0 million and RMB4.6 million as of December 31, 2022, 2023 and 2024, respectively. If we record more impairment losses on our current and non-current prepayments, other receivables and other assets in the future, our business, financial condition and results of operations may be materially and adversely affected.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

In order to operate our business effectively and meet our customers’ demands and expectations, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2022, 2023 and 2024, we had inventories of RMB8,588.0 million, RMB6,316.0 million and RMB5,251.4 million, respectively. We determine our level of inventory based on our experience, number of orders from customers, assessment of customer demand and fluctuation in prices of raw materials. However, such assessment is inherently uncertain, and we cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs, which may have an adverse effect on our profitability. Our inventory turnover days was 75.8 days, 70.4 days, and 56.8 days in

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2022, 2023 and 2024, respectively. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

Global inflationary pressures could adversely affect our profitability and growth.

The global economy has, during certain periods, been accompanied by periods of high inflation, and we face possible inflationary pressures, such as a general pressure from a global inflation-related economic slowdown and the effect on the price of raw materials due to inflation. For example, we have experienced inflationary pressure triggered by the slowdown in production and disruption to supply chains, which was exacerbated by the regional conflicts, which led to worsening economic conditions stemming from a decrease in worldwide productivity. If such or other inflationary pressures continue and are not mitigated by government measures, our cost of sales will likely increase and our profitability could be materially reduced, as there is no assurance that we would be able to pass any cost increases onto our customers.

RISKS RELATING TO OUR LEGAL AND REGULATORY REQUIREMENTS

We are exposed to risks of changing battery industry policies and new legislations or changes in the regulatory requirements may affect our business operations and prospects.

New legislations or changes in the global regulatory requirements regarding our industry, as well as end markets in which our customers operate may affect our business, financial condition, results of operations and prospects. We may need to change or adapt our business focuses from time to time in response to the new rules and regulations regarding the end markets of our products, but we may also not be able to do so timely and efficiently.

As we operate in the PRC and some overseas regions and therefore our business, financial condition, results of operations and prospects may be affected by local economic, social and legal policies. We cannot guarantee that our business operations will be able to benefit from such measures. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

New regulatory requirements regarding the end markets of our products may affect our business operations and prospects.

Our products are used in our customer’s end products, including consumer batteries, power batteries and ESS batteries. New legislations and new regulatory requirements regarding these end markets may affect our business, financial condition, results of operations and prospects. However, these policies are subject to certain limits, and we cannot assure you that any new legislations or regulatory requirements, if any, would be favorable to our business or financial condition. We may need to change or adapt our business focuses from time to time in response to the new rules and regulations regarding the end markets of our products, but we may also not be able to do so timely and efficiently.

We and our employees may be exposed to intellectual property infringement and other claims by third parties, which, if successful, could cause us to pay significant damages and incur other costs.

Our success is subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights. In addition, if we or our employees are found to have infringed upon a third party’s intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages;
- redesign our products; or
- establish and maintain alternative branding for our products.

The validity and scope of any potential claims or requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time consuming and may significantly divert the efforts and resources of our management. A determination in any such litigation or proceedings or requests to which we or our employees are a party may invalidate our patents, subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Any of the aforementioned will materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We may not be able to adequately protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.

We have in place a suite of measures to protect our intellectual property rights. However, we cannot guarantee that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual property, unfair competition, defamation or other violations of our rights by our users, employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which would likely be time-consuming and expensive to resolve and would divert our management’s time and attention regardless of its outcome, materially and adversely affecting our business, financial condition and results of operations. Our measures to enforce or defend our intellectual property rights may not always be successful. Preventing any unauthorized use of our intellectual properties is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual properties. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights may have a material and adverse effect on our business, financial condition, results of operations and results of operations.

Some of our Shareholders, including our Controlling Shareholder have pledged their shares, which may give rise to potential ownership disputes.

As of the Latest Practicable Date, our Controlling Shareholder, EVE Holdings, together with shareholders Dr. Liu and Ms. Liu, have pledged approximately 17.93%, 0.66%, and 0.30% of the equity interest in our Company, respectively. For details, please refer to “Substantial Shareholders – Share Pledges by our Controlling Shareholders” in this Document. Under applicable PRC regulations, including the Overseas Listing Trial Measures issued by the CSRC, an issuer may be restricted from conducting overseas offering if its controlling shareholder or shareholders under its control hold shares of the issuer that are subject to significant ownership disputes as a result of being pledged, frozen or involved in litigation or arbitration. If an event of default occurs, include, among others, non-repayment, misrepresentation and breach of certain covenant under the relevant financing arrangements, the lenders may be able to enforce their rights against EVE Holdings, Dr. Liu and Ms. Luo, including enforcing their rights against all of the pledged shares in our Company. In such event, EVE Holdings, Dr. Liu and Ms. Luo may no longer be able to maintain the current level of interest in our Company.

RISK FACTORS

We may be involved in legal or other proceedings arising out of our business operations from time to time and may face reputational risks and significant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, logistics service providers, factoring companies and banks. These disputes may lead to legal or other proceedings, including threatened proceedings, which may result in damages to our reputation, substantial costs and diversion of our resources and management’s attention. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in delays relating to our production or product launch schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our business, financial condition and results of operations.

Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have a material and adverse effect on our business and results of operations.

We are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data. Any improper handling of personal information or any other information security incidents, such as unauthorized access to our database by hackers, could result in reputation damage and/or civil or regulatory liabilities that may have significant legal, financial and operational consequences.

During the Track Record Period and as of the Latest Practicable Date, we had complied with applicable laws and regulations in the PRC relating to data security and privacy protection in material aspects. Regulatory requirements regarding the data security and data protection are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failures could damage our reputation, results of operations and business prospects and/or could lead to civil or regulatory liabilities. For details of cybersecurity-related regulations, see “Regulatory Overview — Regulations Relating to Information Security and Data Privacy.”

RISK FACTORS

Our business may be adversely affected if we fail to obtain government approvals or licenses for carrying out our operations and construction.

We are required to obtain certain licenses, permits (such as investment permits), registrations, certificates, approvals and filings for our global business operations as well as for new projects and project expansion. In addition, various completion inspections and acceptances may be required before we commence production at new manufacturing bases. We must meet various specific conditions in order for the government authorities to issue or renew any such license, permit, registration, certificate, approval and filing, or complete necessary inspection and acceptance. We cannot guarantee that we will be able to timely adapt to new rules and regulations that may come into effect from time to time, which may affect our business operations, or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary licenses, permits, registrations, certificates, approvals and filings for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our operations, we will not be able to continue with our relevant business development plans or production activities, and our business, financial condition and results of operations may be adversely affected.

We may not be able to detect or prevent fraud, bribery, corruption, or other misconduct committed by our employees, customers, suppliers or other third parties, which may subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses as a result of non-compliance with anti-corruption, antibribery, anti-money laundering, financial and economic sanctions, and similar laws, any of which could harm our reputation and business.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities. We may be exposed to fraud, bribery, corruption, or other misconduct committed by our employees, customers, suppliers or other third parties. We have adopted policies and procedures designed to ensure compliance all applicable laws and regulations. We have established relevant mechanisms to ensure the implementation of such policies and procedures, such as periodic review and reporting the issues identified including those related to our employees and other parties, collecting evidence and reporting to relevant authorities if there involves violation of applicable laws and regulations of our employees and other parties. However, our policies and procedures may not be sufficient, and our directors, officers, employees, suppliers, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible. Non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, any of which could materially and adversely affect our business, reputation, financial condition and results of operations.

RISK FACTORS

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We are subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with the [REDACTED] and future capital raising activities.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”) and five supporting guidelines, which took effect on March 31, 2023. According to the Overseas Listing Trial Measures, we, as a PRC domestic company seeking to [REDACTED] and [REDACTED] securities in overseas markets, are required to file with the CSRC within three working days after submitting the [REDACTED] documents to the overseas supervisory authorities. In addition, the Overseas Listing Trial Measures also requires subsequent reports to be submitted to the CSRC on relevant information or material events, such as change of control or voluntary or forced [REDACTED] of the issuer(s) who have completed overseas [REDACTED] and [REDACTED].

We cannot assure you that we will be able to complete all filing or report requirements in time or at all. Any failure to complete or delay in completing such filing or report procedures for the [REDACTED] or future financing activities would subject us to sanctions by the CSRC or other PRC regulatory authorities.

Changes in economic, political or social conditions in the jurisdictions where we operate could have a material adverse effect on our business and results of operations.

Most of our operations are located in the PRC. As a result, our results of operations, financial condition and prospects are substantially affected by economic, political, and social conditions in the PRC. In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the battery industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to pressure from inflation. Any future calamities, such as natural disasters, outbreak of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect the economic growth in the world.

Holders of our Shares may not be able to enforce their rights successfully as shareholders in the PRC according to the PRC Company law or Hong Kong regulatory provisions.

As a substantial part of our business is conducted in the PRC, our operations are principally governed by the PRC laws and regulations. Due to the difference in legal systems, certain important aspects of PRC Company Law are different from the corporate laws of common law jurisdictions such as Hong Kong, particularly with respect to investor protection, such as shareholder class action suits and measures protecting non-controlling shareholders; restrictions on directors; disclosure requirements; different rights of classes of shareholders;

RISK FACTORS

general meeting procedures and disbursement of dividends. We cannot assure you that no discrepancy exists between the protections we give to our investors in civil law jurisdictions and those given to investors in companies formed in common law jurisdictions. In addition, PRC laws and regulations are statute-based and, similar to other civil law jurisdictions, the interpretation and enforcement of statutory laws and regulations may be changed to adapt the rapid development of economic, political, and social conditions, and there can be no assurance that we will be able to fully comply with new rules and regulations that may be relevant to investor protection, which may limit the legal protections available to [REDACTED], including you. In addition, litigation in any jurisdiction may be protracted and result in substantial costs and diversion of our resources and management attention.

Holders of our Shares may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or senior management.

A substantial part of our assets are situated in the PRC. As cross-border service of process is typically cumbersome and time-consuming, it may be difficult for investors outside of mainland China to effect service of process upon us or our management residing in mainland China. As mainland China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments, you may fail to enforce in courts in mainland China the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us or our Directors or senior management. On January 18, 2019, the Supreme People’s Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**Arrangement**”), which came into effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland China. The Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the mainland China even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the mainland China, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the Arrangement.

We face certain risks relating to certain of our owned and leased properties.

We have certain title defects relating to the properties that we own. As of the Latest Practicable Date, we are still in the process of obtaining relevant property ownership certificate for 17 of our owned properties. Although we do not foresee any material obstacle in obtaining such property ownership certificate, there is no guarantee that we will receive any property title certificate timely that indicates the validity of our title in the future. For three of our main leased properties, we have not been provided by the lessors with valid title certificates or other

RISK FACTORS

documents proving ownership rights of the leased properties. In addition, under the applicable PRC laws and regulations, the parties to a lease are required to register and file such lease with the relevant government authorities. As of the Latest Practicable Date, all of our principal leased properties had not been registered or filed. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As advised by our PRC Legal Advisor, the risk of material administrative penalty for such non-compliant incident is remote and does not have a material and adverse effect on our business operation, or materially jeopardize the proposed [REDACTED].

Nevertheless, there can be no assurance that we will not be subject to challenges, lawsuits, fines and penalties imposed by government authorities or other actions taken against us with respect to the properties owned, used or leased by us for which we or the relevant lessors do not hold title certificates or fail to complete relevant registration procedures. For further details, see “Business – Properties.”

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (“**Non-PRC Resident Individual Holders**”) are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) dated June 28, 2011 and issued by the SAT of the PRC, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong (China). Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的 通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being.

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In addition, under the Individual Income Tax Law of the PRC and its implementation regulations, non-PRC resident individual holders are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Based on our knowledge, as of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, no such individual income tax was levied by PRC tax authorities in practice. If such tax is collected in the future, the value of such individual holders’ [REDACTED] in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“EIT Law”) and its implementation regulations, a non-PRC resident enterprise that does not have establishments or premises in China, and those have establishments or premises in China but whose income is not related to such establishments or premises is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from us and gains derived from the disposition of H shares. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval. PRC tax authorities are responsible for interpreting and implementing the EIT Law and its implementation rules, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders’ [REDACTED] in H Shares may be materially and adversely affected.

RISK FACTORS

Laws and regulations over foreign currency conversion and on the remittance of Renminbi into and out of the PRC may affect our utilization of our revenue and our ability to remit dividends.

The PRC government imposes laws and regulations on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of Renminbi into and out of the PRC. Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we do not meet the procedural approvals in respect of the foreign exchange administration, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially and adversely affect our financial performance.

Our revenue and expenses are substantially denominated in Renminbi. We may need to obtain foreign currency to make payments of declared dividends, if any, on our Shares. In addition, our [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. The value of currencies against the Hong Kong dollar, the U.S. dollar and other currencies is based on rates set by the People’s Bank of China, which is affected by, among other things, changes in global and geographical political and economic conditions, supply and demand in the monetary markets, and economic and political developments domestically and internationally. It is difficult for us to predict how external factors in respect of markets or policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these global and geographical political and economic factors may adversely affect the value of and any dividends payable on, our Shares in Hong Kong dollars.

RISK FACTORS

Failure to comply with labor-related PRC laws and regulations and pay social insurance and housing provident funds in full may adversely affect our business, financial condition and results of operations.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and government investigations related to workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance and housing provident funds. Employers that fail to fully comply with such requirements may be required to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, employers who fail to make adequate payments as required by the local competent authorities may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. However, we cannot assure that our historical and current practice with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in mainland China mainly due to the evolving interpretation and implementation of these laws and regulations. Also, there can be no assurance that any new laws and regulations, or more stringent interpretation and implementation of existing and new laws and regulations will not lead to extra employee benefit plan costs, which may adversely affect our results of operations and financial condition. Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous and may involve substantial financial resources as well as other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial.

RISK FACTORS

Failure to comply with environmental, safety and occupational health laws and regulations in the PRC may have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to certain PRC laws and regulations relating to environmental, safety and occupational health matters. Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. We had not been subject to any administrative penalties during the Track Record Period with regards to safety and/or occupational health. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance on a regular basis to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our manufacturing process in the future.

In addition, our manufacturing process produces pollutants such as wastewater, waste gas, noises and solid wastes. The discharge of wastewater and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We have obtained the official credit report for our Group or verified through the official government website that we did not receive any material administrative penalties in the environmental sector during the Track Record Period. However, we cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expense. Should the PRC impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of mainland China and Hong Kong.

As our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

RISK FACTORS

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the ChiNext Market of the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the ChiNext Market of the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct [REDACTED] or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have different [REDACTED] volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the [REDACTED] history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the ChiNext Market of the Shenzhen Stock Exchange.

As our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED]. You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

RISK FACTORS

There has been no prior [REDACTED] for our H Shares, and their liquidity and [REDACTED] may be volatile.

Prior to the [REDACTED], there has been no [REDACTED] for our H Shares. The [REDACTED] for our H Shares to the [REDACTED] will be the result of negotiations between us and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of our H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of our H Shares will not decline following the [REDACTED].

Furthermore, the price and [REDACTED] volume of our H Shares may be volatile. The following factors, among others, may cause the [REDACTED] of our H Shares after the [REDACTED] to vary significantly from the [REDACTED]:

- variations in our revenue, earnings and cash flow;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments;
- fluctuations in stock market prices and volume;
- changes in analysts’ estimates of our financial performance; and
- involvement in material litigation.

Moreover, shares of other companies [REDACTED] on the Stock Exchange with operations and assets in China have experienced significant price volatility in the past. It is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, [REDACTED] in our H Shares may suffer substantial losses.

RISK FACTORS

Future sales or perceived sales of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your [REDACTED].

The [REDACTED] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of our H Shares or other securities relating to our H Shares in the [REDACTED] by our Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders’ interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the [REDACTED] of our H Shares. In addition, while [REDACTED] subscribing shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they subscribed, they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares subscribed by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] volume of our H Shares.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [REDACTED] from the [REDACTED], we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of investments in and/or acquisitions of new businesses from third parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

RISK FACTORS

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors’ perception of, and demand for, securities of battery producers;
- conditions in the PRC, Hong Kong and other capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- the applicable governmental regulation of foreign investment in new energy sectors;
- economic, political and other conditions in China; and
- the applicable governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell debt or additional equity securities or reduce our growth to a level that can be supported by our cash flow, or defer planned expenditures.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible asset book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if any Shares are issued upon exercise of any options granted under the Employee Incentive Plans, or if we issue additional Shares in the future to raise additional capital.

Future sale or major divestment of Shares by our Controlling Shareholders may materially and adversely affect the prevailing [REDACTED] of our H Shares.

Our Shares held by our Controlling Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed “[REDACTED]” in this document. However, there is no assurance that after the restrictions of the lock-up periods expire, our Controlling Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the [REDACTED], or the perception that these sales may occur, may materially and adversely affect the prevailing [REDACTED] of our H Shares.

RISK FACTORS

There can be no assurance whether and when we will pay dividends in the future.

We have declared and paid dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRSs. The declaration, payment and amount of any future dividends are subject to the discretion of our Board, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. For details, see “Financial Information — Dividends and Dividends Policy.” No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Certain facts, forecast and statistics contained in this document are derived from publicly available sources from official government publications and they may not be reliable.

Certain facts, forecast and statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from the official government sources have not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

RISK FACTORS

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

[REDACTED] should read the entire Document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, there has been coverage in the media regarding us, the [REDACTED] or our Controlling Shareholders, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS AND EXEMPTION

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Our headquarters is based, and most of the business operations and assets of our Group, are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC, and they play very important roles in our Company’s business operations. It is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, or does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions:

- (i) We have appointed Dr. Liu, our chairman of the Board, and Ms. Jiang Min (江敏), our Board secretary, as our authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules. Ms. Fung Wai Sum (“**Ms. Fung**”), our joint company secretary will also act as our alternate authorized representative. The Authorized Representatives and the alternate authorized representative will act as our Company’s principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives and the alternate authorized representative will be readily contactable by phone and email to promptly deal with inquiries from the Hong Kong Stock Exchange. Ms. Fung, who resides in Hong Kong, and the Authorized Representatives will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange. Our Company has provided contact details of the Authorized Representatives and the alternate authorized representative to the Stock Exchange;
- (ii) When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives and the alternate authorized representative will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team

WAIVERS AND EXEMPTION

promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the Authorized Representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e., mobile phone number, office phone number, email address and fax number, if applicable) of all Directors to facilitate communication with the Hong Kong Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives and the alternate authorized representative in the event that any Director expects to travel or otherwise be out of office;

- (iii) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period of time;
- (iv) We have appointed Rainbow Capital (HK) as our Compliance Advisor upon the [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will always have access to our Authorized Representatives, Directors and members of our senior management, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available. The contact details of the Compliance Advisor have been provided to the Hong Kong Stock Exchange;
- (v) The Authorized Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Advisor, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications and dealings between the Hong Kong Stock Exchange and us; meetings between the Hong Kong Stock Exchange and our Directors could be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Hong Kong Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor; and
- (vi) The Company has designated staff members as the communication officer at the Company’s headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with the Authorized Representatives, and the Company’s professional advisors in Hong Kong, including our legal advisor in Hong Kong and the Compliance Advisor, to keep abreast of any correspondences and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors to further facilitate communication between the Hong Kong Stock Exchange and the Company.

WAIVERS AND EXEMPTION

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Jiang Min (江敏, “**Ms. Jiang**”), our Board secretary, as one of our joint company secretaries. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Ms. Jiang as its joint company secretary, who has been our Board secretary since October 2019 and has extensive experience and familiarity with the Company’s compliance matters, capital operation, investor relationship management and corporate governance. Ms. Jiang has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the duties of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Ms. Jiang presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Fung, an associate member of The Hong Kong Chartered Governance Institute, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. Fung will provide assistance to Ms. Jiang for an initial period of three years from the [REDACTED] to enable Ms. Fung to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

WAIVERS AND EXEMPTION

Since Ms. Jiang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Jiang may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that Ms. Fung will work closely with Ms. Jiang to jointly discharge the duties and responsibilities as a company secretary and assist Ms. Jiang in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Fung will also assist Ms. Jiang in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Fung is expected to work closely with Ms. Jiang and will maintain regular contact with Ms. Jiang, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Fung ceases to provide assistance to Ms. Jiang as a joint company secretary for the three-year period after the [REDACTED] or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Jiang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Ms. Jiang will also be assisted by (a) our Compliance Advisor, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Ms. Jiang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Jiang, having benefited from the assistance of Ms. Fung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE EMPLOYEE INCENTIVE PLANS

Rule 17.02(1)(b) of the Listing Rules requires a [REDACTED] applicant to, inter alia, disclose in the document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [REDACTED] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

WAIVERS AND EXEMPTION

Paragraph 27 of Appendix D1A to the Listing Rules requires a [REDACTED] applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the document must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Hong Kong Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the applicant could demonstrate that such disclosures would be irrelevant or unduly burdensome, subject to certain conditions specified therein (the “**Waiver Conditions**”).

As of the Latest Practicable Date, our Company had granted outstanding Share Incentives under the Employee Incentive Plans to 1,410 grantees (the “**Grantees**”) for 92,887,383 A Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds). Among the outstanding Share Incentives, 3 Directors (Mr. Liu Jianhua (劉建華), Ms. Jiang Min (江敏) and Dr. Ai Xinping (艾新平)), 7 other connected persons of the Company, and 1,400 Grantees who are employees of our Group and are not Directors, members of senior management, consultants or connected persons of the Company were granted Share Incentives for 2,649,075 A Shares, 3,285,925 A Shares, and 86,952,383 A Shares, respectively. Save for the aforementioned, no Share Incentives were granted to any Director, member of senior management, connected person or consultant of our Company. No Share Incentives under the Employee Incentive Plans will be further granted after [REDACTED] and all Share Incentives have been granted to specific individuals under the Employee Incentive Plans.

WAIVERS AND EXEMPTION

We have applied to (i) the Hong Kong Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the Employee Incentive Plans and the Grantees in this Document on the ground that the waiver will not prejudice the interest of the [REDACTED] and full compliance with such disclosure requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that 1,410 Grantees are involved for the grant of outstanding Share Incentives under the Employee Incentive Plans, our Directors consider that it would be unduly burdensome to disclose in this Document full details of all the Share Incentives granted by us to each of the Grantees, which would significantly increase the cost and time required for information compilation and document preparation for strict compliance with such disclosure requirements as the Company would need to collect and verify the addresses of a large number of the Grantees to meet the disclosure requirement;
- (b) the disclosure of the personal details of each Grantee, including their names, addresses for the Grantees and the number of Share Incentives granted, may require obtaining consent from all the Grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of the Grantees;
- (c) the grant and vesting in full of the Share Incentives under the Employee Incentive Plans will not cause any material adverse impact to the financial position of our Group;
- (d) there will not be any new H Shares issued under the Employee Incentive Plans as the foregoing plans are A-share incentive schemes;
- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential [REDACTED] with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group;
- (f) full disclosure of details of the Grantees (which include their names and addresses), as well as the Share Incentives granted to each of them, would provide the Group’s competitors with the Group’s employees’ compensation details and facilitate their soliciting activities which may impact the Group’s ability to recruit and retain valuable personnel;

WAIVERS AND EXEMPTION

- (g) material information on the Share Incentives under the Employee Incentive Plans have been disclosed in “Appendix IV — Statutory and General Information — Employee Incentive Plans” to provide prospective [REDACTED] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the Share Incentives in making their [REDACTED] decision, and such information includes:
 - (i) a summary of the terms of the Employee Incentive Plans;
 - (ii) the aggregate number of A Shares subject to the outstanding Share Incentives, and the percentage in our total issued Shares of which such number represents;
 - (iii) the details of the outstanding Share Incentives granted under the Employee Incentive Plans, including date of grant, vesting period, purchase/exercise price and the percentage of our Company’s total issued share capital represented upon completion of the [REDACTED].

In light of the above, our Directors believe that the grant of the waiver and exemption sought under this [REDACTED] and the non-disclosure of the required information will not hinder potential [REDACTED] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the [REDACTED].

In addition, our Company further applies to the Stock Exchange for a waiver from strict compliance with the Waiver Conditions, so that our Company is not required to disclose on an individual basis, the particulars of the Share Incentives granted to the other connected persons who are only connected persons at the subsidiary level or associates (not immediate family members) of the connected persons at the Company level and also our employees (the “Other Connected Persons”). Given that the Other Connected Persons are only connected persons at the subsidiary level or associates (not immediate family members) of connected persons at the Company level, and are also themselves management personnel of our subsidiaries, individual disclosure of the grant details of such persons would expose sensitive information about our talent management strategies and remuneration policies and provide competitors with specific information that could be used for targeted solicitation of our management personnel, potentially compromising our Group’s efforts to attract and retain key talent and impacting our Group’s business operations and development. In addition, the Share Incentives granted to the Other Connected Persons in aggregate only accounted for a minimal portion of the total issued Shares of our Company.

WAIVERS AND EXEMPTION

The Stock Exchange [has granted] to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules paragraph 27 of Appendix D1A to the Listing Rules with respect to the Share Incentives granted under the Employee Incentive Plans, subject to the conditions that:

- (a) the grant of a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements by the SFC;
- (b) on an individual basis, full details of the outstanding Share Incentives granted by the Company under the Employee Incentive Plans to each of the Directors and members of the senior management, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this Document;
- (c) in respect of the Share Incentives granted by our Company under the Employee Incentive Plans to the Other Connected Persons and the remaining Grantees other than those referred to in sub- paragraph (b) above (the “**Other Grantee(s)**”), the following details will be disclosed in this Document, on an aggregate basis, (i) the number of the Other Connected Persons and the Other Grantees and the number of A Shares underlying the Share Incentives, (ii) date of grant, the vesting period and purchase/exercise price of the Share Incentives granted, and (iii) the percentage of our Company’s total issued share capital upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the Employee Incentive Plans, excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]);
- (c) the aggregate number of A Shares underlying the outstanding Share Incentives and the percentage of our Company’s total issued share capital represented by such number of A Shares as of the Latest Practicable Date will be disclosed in this Document;
- (d) a summary of the principal terms of the Employee Incentive Plans will be disclosed in the section headed “Appendix IV — Statutory and General Information — Employee Incentive Plans” in this Document;
- (e) the particulars of this waiver are set out in this Document; and

WAIVERS AND EXEMPTION

- (f) a full list of all the Grantees with outstanding Share Incentives for A Shares under the Employee Incentive Plans, containing all details as required under Rule 17.02(1)(b) of the Listing Rules be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Document Available for Inspection” in Appendix V to this Document.

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the Share Incentives granted under the Employee Incentive Plans, subject to the conditions that:

- (a) on an individual basis, full details of the outstanding Share Incentives granted by the Company under the Employee Incentive Plans to each of the Directors, and members of the senior management, are disclosed in this Document, and such details include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the Share Incentives granted by our Company under the Employee Incentive Plans to the Other Connected Persons and the Other Grantees, the following details will be disclosed in this Document, on an aggregate basis, (i) the number of the Other Connected Persons and the Other Grantees and the number of A Shares underlying the Share Incentives, (ii) date of grant, the vesting period and purchase/exercise price of the Share Incentives granted, and (iii) the percentage of our Company’s total issued share capital upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the Employee Incentive Plans, excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]);
- (c) a full list of all the Grantees with outstanding Share Incentives over A Shares under the Employee Incentive Plans, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Document Available for Inspection” in Appendix V to this Document;
- (d) the particulars of the exemption be set forth in this Document; and
- (e) this Document will be issued on or before [REDACTED].

WAIVERS AND EXEMPTION

Disclosure of particulars of convertible bondholders

Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to set out in the Document, among other things, details of the number, description and amount of any of its shares or debentures which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it or the right to it was given.

In March 2025, we issued RMB5 billion of convertible bonds to a large number of public investors that we believe are mostly Independent Third Parties. The 2025 Convertible Bonds (as defined below) were listed on the ChiNext Market of the Shenzhen Stock Exchange (bond code: 123254). For details, see the section headed “History Development and Corporate Structure — Corporate, Development and Major Shareholding Changes — History of A Share Listing and Subsequent Major Capital Market Activities of our Company”.

To our knowledge, (a) financial institutions, including broker-dealers, may hold and trade the 2025 Convertible Bonds through participant accounts with clearing agencies; (b) ultimate bondholders that do not have these accounts typically hold and trade the 2025 Convertible Bonds in the names of their brokers through their brokers’ participant accounts with the clearing agencies; (c) the 2025 Convertible Bonds are frequently traded among investors and hence the identities of the ultimate bondholders may change constantly; and (d) the trustee does not have information on the identities of the ultimate bondholders and at most, would only be able to ascertain the identities of the participants/brokers through which the 2025 Convertible Bonds are traded.

We have applied for, and the SFC [has granted], a certificate of exemption from the requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the disclosure in this Document on the following basis:

- (a) since the identities of the ultimate bondholders are practically unavailable and given the expected frequent changes of the identities of the ultimate bondholders, it would be practically impossible for us to disclose the names and addresses of all such ultimate bondholders which are Independent Third Parties in this Document. This disclosure, even if it can be made, would also not provide meaningful information to the potential [REDACTED] of our Company;
- (b) strict compliance with the applicable disclosure requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance for each ultimate bondholder on an individual basis (including the disclosure of names and addresses of all bondholders) in this Document will be unduly burdensome on us in light of the practical impossibility in identifying the ultimate bondholders and the potentially significant increase in cost and time for information compilation, Document preparation and printing;

WAIVERS AND EXEMPTION

- (c) material information relating to the 2025 Convertible Bonds has been disclosed in the section headed “History Development and Corporate Structure — Corporate, Development and Major Shareholding Changes — History of A Share Listing and Subsequent Major Capital Market Activities of our Company” to this Document, including but not limited to the aggregate principal amount, the maturity date, the annual coupon rate, the conversion mechanism including the conversion price and adjustment, the maximum number of A Shares which may be issued upon conversion of all the outstanding 2025 Convertible Bonds and the potential dilution effect upon full conversion of the 2025 Convertible Bonds, and the Company’s right to redeem the 2025 Convertible Bonds;
- (d) material information regarding the bondholders of the 2025 Convertible Bonds who are also our core connected persons has been disclosed in the section headed “History Development and Corporate Structure — Corporate, Development and Major Shareholding Changes — History of A Share Listing and Subsequent Major Capital Market Activities of our Company” to this Document, including but not limited to the identities of the bondholders who are our core connected persons, the principal amount underlying the outstanding 2025 Convertible Bonds held by the core connected persons, the conversion price, and the maximum number of A Shares which may be issued upon conversion of the outstanding 2025 Convertible Bonds held by the core connected persons, and the potential dilution effect upon full conversion of the 2025 Convertible Bonds held by the core connected persons. Accordingly, along with the disclosures made in (c) above, information that should be reasonably necessary for potential [REDACTED] to make an informed assessment of our Company in their [REDACTED] decision process has been included in this Document; and
- (e) non-compliance with the abovementioned disclosure requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not prevent us from providing its potential [REDACTED] with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company and would not prejudice the interests of the [REDACTED].

The SFC [has granted] an exemption referred to above on the following conditions:

- (a) with respect to the 2025 Convertible Bonds issued by our Company, the following details are fully disclosed in this Document:
 - the total principal amount of the 2025 Convertible Bonds;
 - the maximum number of A Shares to be converted from the 2025 Convertible Bonds;
 - the conversion rate of the 2025 Convertible Bonds;

WAIVERS AND EXEMPTION

- the conversion period of the 2025 Convertible Bonds; and
 - the potential dilution effect upon full conversion of the 2025 Convertible Bonds issued is set out in this Document;
- (b) on an individual basis, full details of the outstanding 2025 Convertible Bonds issued to the core connected persons of our Company, are disclosed in this Document, including:
- the names of the bondholders who are the core connected persons of our Company;
 - the principal amount underlying the outstanding 2025 Convertible Bonds held by the core connected persons;
 - the conversion price;
 - the maximum number of A Shares which may be issued upon conversion of the outstanding 2025 Convertible Bonds held by the core connected persons; and
 - the percentage of our Company’s total issued share capital represented by such number of A Shares as of the Latest Practicable Date and upon [REDACTED];
- (c) the particulars of such exemption are set out in this Document; and
- (d) this Document will be issued on or before [REDACTED].

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Listing Rules requires disclosure of the particulars of any alterations in the capital of any member of the Group within the two years immediately preceding the issue of this Document.

As of the Latest Practicable Date, we have over 38 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of each of our subsidiaries, as our Company would have to incur additional costs and devote significant resources to compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to [REDACTED] save for the Major Subsidiaries as referred to below.

We have identified 17 subsidiaries (collectively, the “**Major Subsidiaries**” and each a “**Major Subsidiary**”) that we consider to be material to our operations and/or to have contributed significantly to our financial performance during the Track Record Period. By way of illustration, the Major Subsidiaries (without intercompany eliminations) have, in aggregate, accounted for (i) 103.43%, 115.46% and 138.84% of our revenue for each of the years ended

WAIVERS AND EXEMPTION

December 31, 2022, 2023 and 2024, respectively; and (ii) 91.66%, 99.87% and 98.90% of our total assets as at December 31, 2022, 2023 and 2024, respectively. Additionally, certain Major Subsidiaries hold assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group’s business and operations.

None of the other subsidiaries of our Company that are not Major Subsidiaries have individually contributed 3% or more of our Group’s revenue and net profits during each year within the Track Record Period, or total assets as of December 31, 2022, 2023 or 2024, nor hold any assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group’s business and operations.

Accordingly, the remaining subsidiaries which are not Major Subsidiaries of our Group are relatively insignificant to the overall results of our Group, and the non-disclosure of information about them would not prejudice the interests of our Shareholders and potential [REDACTED]. Rather, the disclosure of the required information under the Listing Rules in respect of our Company and the Major Subsidiaries already provides sufficient information that is reasonably necessary for potential [REDACTED] to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group, its profits and losses and the rights attaching to the securities for which [REDACTED] is sought, as required under Rule 11.07 of the Listing Rules.

We have disclosed the particulars of the changes in share capital of our Company and the Major Subsidiaries in the sections headed “Statutory and General Information — Further Information About Our Company — Changes in Share Capital of Our Company” and “Statutory and General Information — Further Information About Our Company — Changes in Share Capital of Our Major Subsidiaries”, respectively, in Appendix IV to this Document.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this Document.

WAIVER IN RELATION TO CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements as set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details, please refer to the section headed “Connected Transactions” in this Document.

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Dr. Liu Jincheng (劉金成)	Room A1201, Jinhe Pavilion Jindixingyuan No. 110, Eling South Road Huicheng District Huizhou, Guangdong PRC	Chinese

Mr. Liu Jianhua (劉建華)	Room 2401, Building T2 Longhu Bay No. 88 Huisha Di 2nd Road Henan Bank Huicheng District Huizhou, Guangdong PRC	Chinese

Ms. Jiang Min (江敏)	Room No. 4, 2nd Floor Unit 2, Building 6 Yonghe Yuan No. 1 Fu An Road Huicheng District Huizhou, Guangdong PRC	Chinese

Ms. Zhu Yuan (祝媛)	1501, Unit 1, Building 19 Dongjiang Xuefu No. 2 Xuefu Road Huizhou, Guangdong PRC	Chinese

Non-executive Director

Dr. Ai Xinping (艾新平)	A-2-904, Yin Hai Yayuan Guangba Road Hongshan District Wuhan, Hubei PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent non-executive Directors		
Ms. Li Chungge (李春歌)	1004, Block 1, Building 3 Huize Nanyuan No. 5 Yanda 2nd Road Huichen District Huizhou, Guangdong PRC	Chinese
Dr. Xie Shisong (謝石松)	Room 204, No. 3, Building 747 West District Sun Yat-sen University Haizhu District Guangzhou City PRC	Chinese
Mr. Du Xiaopeng, Simon (杜小鹏)	Flat F, 25th Floor, Tower 1 The Coast Line 1, The Coast Line No. 8 Tung Yuen Street Kowloon Hong Kong	Chinese

For further details on our Directors, see the section headed “Directors and Senior Management” in this Document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

**CITIC Securities
(Hong Kong) Limited**
18/F, One Pacific Place
88 Queensway
Hong Kong

[REDACTED]

Legal Advisers to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

As to PRC laws

DeHeng Law Offices
12/F, Tower B, Focus Place
19 Finance Street
Beijing
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisers to the Sole Sponsor
and the [REDACTED]**

As to Hong Kong and U.S. laws

Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC laws

JunHe LLP
28/F, GDH BCC
No. 21 Zhujiang West Road
Zhujiang New Town
Tianhe District
Guangzhou
PRC

Reporting Accountants and Auditor

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor
29/F, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**
Suite 2504, Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

Compliance Advisor

Rainbow Capital (HK) Limited
Office No. 710, 7/F
Wing On House
71 Des Voeux Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

CORPORATE INFORMATION

**Registered Office, Headquarters and
Principal Place of Business in the PRC**

No. 38, Huifeng 7th Road
Zhongkai Hi-Tech Zone
Huizhou, Guangdong
PRC

Principal Place of Business in Hong Kong

Room 1910, 19/F
Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

Company’s Website

www.evebattery.com
*(information contained on this website does
not form part of this Document)*

Joint Company Secretaries

Ms. Jiang Min (江敏)
Room No. 4, 2nd Floor
Unit 2, Building 6
Yonghe Yuan
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Huicheng District
Huizhou, Guangdong
PRC

Ms. Fung Wai Sum (馮慧森)
ACG, HKACG
Room 1910, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

Authorized Representatives

Dr. Liu Jincheng (劉金成)
Room A1201, Jinhe Pavilion
Jindixingyuan
No. 110, Eling South Road
Huicheng District
Huizhou, Guangdong
PRC

Ms. Jiang Min (江敏)
Room No. 4, 2nd Floor
Unit 2, Building 6
Yonghe Yuan
No. 1 Fu An Road
Huicheng District
Huizhou, Guangdong
PRC

CORPORATE INFORMATION

Audit Committee

Ms. Li Chung (李春歌) (*Chairperson*)

Dr. Xie Shisong (謝石松)

Dr. Ai Xinping (艾新平)

Nomination Committee

Ms. Li Chung (李春歌) (*Chairperson*)

Dr. Liu Jincheng (劉金成)

Dr. Xie Shisong (謝石松)

Remuneration and Evaluation Committee

Dr. Xie Shisong (謝石松) (*Chairperson*)

Ms. Li Chung (李春歌)

Ms. Jiang Min (江敏)

Strategy and Sustainable Development Committee

Dr. Liu Jincheng (劉金成) (*Chairperson*)

Mr. Liu Jianhua (劉建華)

Dr. Ai Xinping (艾新平)

[REDACTED]

Principal Banks

China Construction Bank, Huizhou Branch

Desay Building

No. 12, Yunshan West Road

Jiangbei Sub-district

Huicheng District, Huizhou

Guangdong

PRC

Bank of China, Huizhou Branch

No. 22, Maidi Road

Huicheng District, Huizhou

Guangdong

PRC

CORPORATE INFORMATION

Agricultural Bank of China,

Huizhou Branch

No. 15, Jiangbei Section

Huizhou Avenue

Huicheng District, Huizhou

Guangdong

PRC

Bank of Communications,

Jingmen Branch

No. 35, Baiyun Road

Dongbao District, Jingmen

Hubei

PRC

INDUSTRY OVERVIEW

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [REDACTED]. The information from official government sources has not been independently verified by us, the Sponsors, [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global and China’s consumer battery, power battery and ESS battery industry for the use in this Document, which was commissioned by us for a fee of RMB450,000. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global and China’s government policies on consumer battery, power battery and ESS battery industry will remain consistent during the forecast period, (iii) global and China’s on consumer battery, power battery and ESS battery industry will be driven by the factors which are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

ANALYSIS OF CONSUMER BATTERY MARKET

Definition and Classification of Consumer Battery

Consumer batteries refer to devices that supply power to consumer electronics, portable devices, power tools, UAVs, robots, etc. Consumer batteries are the power source of the entire electric device, which directly affects the product performance including stability, safety, service life and adaptability of temperature.

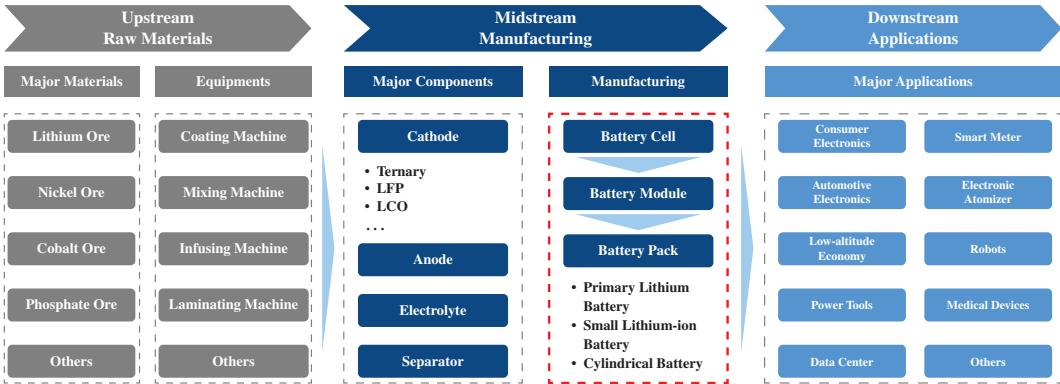
INDUSTRY OVERVIEW

Consumer batteries can be categorized into primary lithium batteries, small lithium-ion batteries, and cylindrical batteries. Primary lithium batteries are non-rechargeable and offer high energy density, typically used in low-power devices such as smart meters and medical devices. Small lithium-ion batteries are rechargeable and widely used in portable electronic devices. Cylindrical batteries are rechargeable and commonly used in devices such as power tools and small appliances.

Value Chain of Consumer Battery Industry

The upstream of consumer battery value chain mainly includes mining and processing of minerals, cell components manufacturing. The midstream of consumer battery value chain mainly includes battery cell, battery module and battery pack manufacturing. The downstream is battery end uses.

Value Chain of Consumer Battery Industry



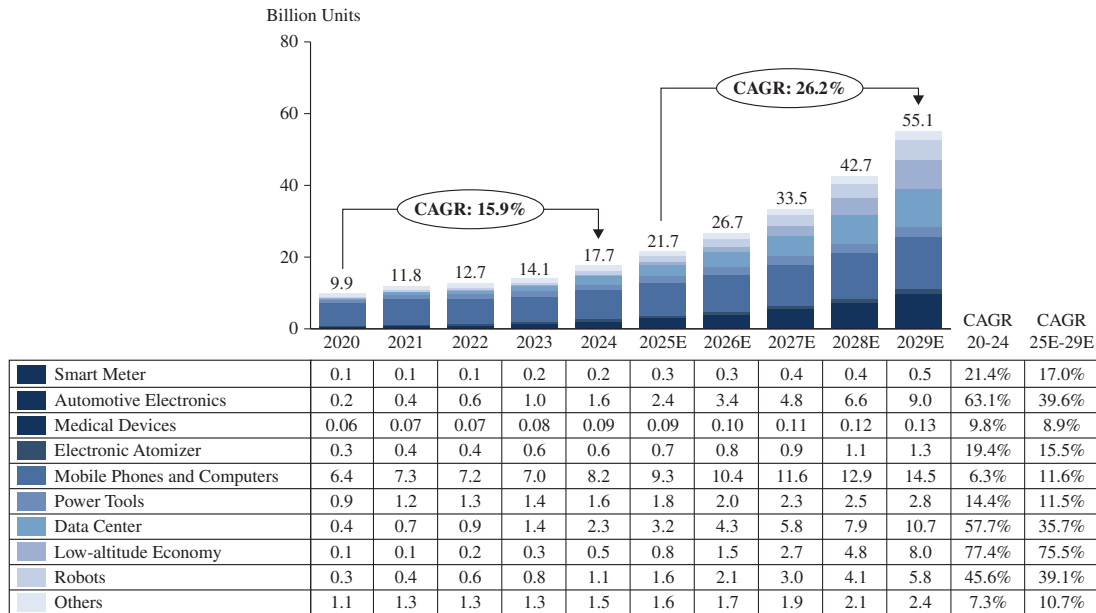
Source: Frost & Sullivan

Market Size of Global Consumer Battery Market

The global consumer battery market is driven by technology, featuring diverse demands and favorable policies. From 2020 to 2024, the total global consumer battery shipment volume increased from 9.9 billion units to 17.7 billion units, with a CAGR of 15.9%. This growth stems from the expansion of downstream industries such as consumer electronics and automotive electronics, as well as the upgrading of battery technology. In the future, the popularization of 5G equipment and the low-altitude economy will continue to drive demand. It is estimated that the shipment volume will increase from 21.7 billion units in 2025 to 55.1 billion units in 2029, achieving a CAGR of 26.2%, indicating a continuous expansion of the market.

INDUSTRY OVERVIEW

Shipment Volume of Consumer Battery Market (by downstream applications), Global, 2020-2029E



Source: Frost & Sullivan

- Smart Meter:** The global market for smart meter in terms of sales value has demonstrated remarkable growth, rising from RMB50.0 billion in 2020 to RMB81.4 billion in 2024, achieving a CAGR of 12.9% during the period. The market is poised for significant expansion, expected to reach RMB170.1 billion by 2029, with a CAGR of 16.1% from 2025 to 2029. The construction of smart cities and the process of industrial modernization will give rise to new driving forces, and the integrated application of 5G and AI edge computing technologies is expected to reshape the industry ecosystem. The global shipment volume of smart meter consumer battery market is showing rapid growth, with the digital transformation of energy and the intelligent upgrade of infrastructure becoming the core driving forces. Its shipment volume expanded from 0.1 billion units in 2020 to 0.2 billion units in 2024 with a CAGR of 21.4%. The sector is projected to reach 0.5 billion units by 2029 with a CAGR of 17.0% from 2025 to 2029.

INDUSTRY OVERVIEW

- ***Automotive Electronics:*** Driven by the deepening trends of electrification and intelligence in the global automotive industry, as well as worldwide government support for environmental protection and energy conservation policies, the global automotive electronics market has seen significant expansion. From 2020 to 2024, the global market size of automotive electronics in terms of sales value grew from RMB1,314.0 billion to RMB2,999.6 billion, achieving a CAGR of 22.9%. It is expected that from 2025 to 2029, the global automotive electronics market will continue to expand at a CAGR of 14.8%, reaching RMB6,166.0 billion in 2029. The shipment volume of automotive electronics consumer battery grew from 0.2 billion units to 1.6 billion units with a CAGR of 63.1% from 2020 to 2024, driven by the accelerated development of automotive electrification and intelligence. In the future, the popularization of new energy vehicles and the upgrade of intelligent cockpit system are expected to release demand. It is expected that from 2025 to 2029, the shipment volume will increase from 2.4 billion units to 9.0 billion units with a CAGR of 39.6%, showing a strong growth.
- ***Medical Devices:*** The global medical device market is showing a steady growth trend, with technological innovation and the upgrading of medical demands continue driving the expansion of industry boundaries. The shipment volume of medical devices sector saw steady growth, rising from 0.06 billion units to 0.09 billion units with a CAGR of 9.8% from 2020 to 2024. The intensification of population aging and the increasing burden of chronic diseases have driven the continuous rise in the demand for implantable monitors, blood glucose monitors and other devices. With the breakthroughs in AI-assisted diagnosis and the popularization of wearable devices, the medical service model will transform towards precision and intelligence, further activating the demand for device updates. Medical devices that rely on built-in batteries, such as physical examination endoscopes, implantable monitors, blood glucose monitors, and pacemakers, will expand the application scenarios of batteries. The global shipment volume of medical device consumer batteries is expected to increase to 0.13 billion units in 2029, achieving a CAGR of 8.9% from 2025 to 2029.
- ***Electronic Atomizer:*** The global electronic atomizer market has shown significant growth, due to the rising demand of substitutes for traditional tobacco, the accelerated layout of capital and industry giants, as well as technological innovation and product iteration. The global market size of electronic atomizer products in terms of sales value has grown from RMB312.4 billion in 2020 to RMB523.6 billion in 2024 at a CAGR of 13.8%. It is expected that from 2025 to 2029, the global electronic atomizer market will continue to expand at a CAGR of 9.4%, reaching RMB794.6 billion in 2029. The shipment volume of electronic atomizer consumer batteries increased from 0.3 billion units to 0.6 billion units with a CAGR of 19.4%, due to the demand for e-cigarette and breakthrough in atomization. In the forecast period, driven by the increasing penetration of e-cigarette in young consumers and the product iteration, the shipment volume of this sector is expected to reach 1.3 billion units in 2029, achieving a CAGR of 15.5%.

INDUSTRY OVERVIEW

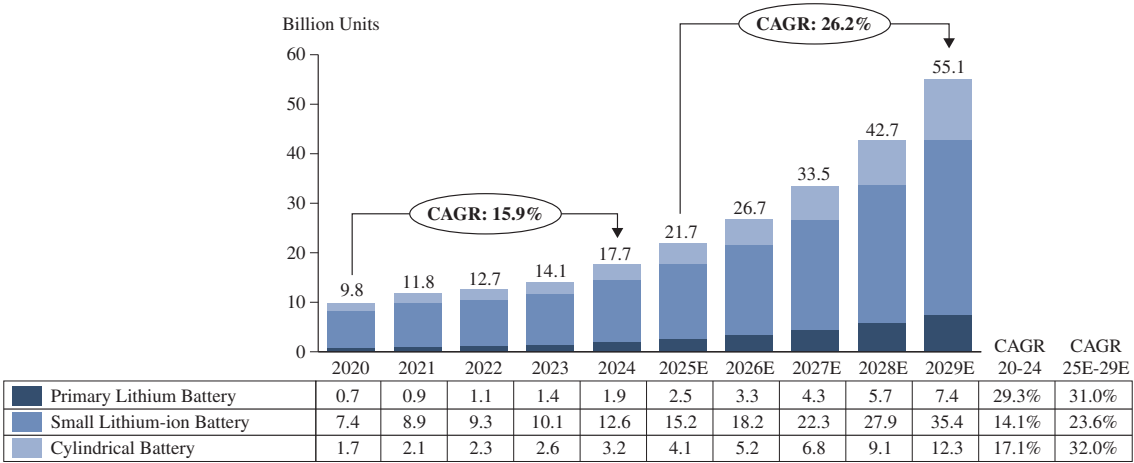
- **Mobile Phones and Computers:** The global market of mobile phones and computers is showing a steady expansion trend, with technological iteration and consumption upgrade jointly driving the continuous development. The global market size of mobile phones in terms of sales value grew from RMB2,740.1 billion in 2020 to RMB3,661.7 billion in 2024, achieving a CAGR of 7.5%. This segment is projected to maintain strong momentum at a 6.3% CAGR through 2029, reaching RMB5,102.6 billion, driven by the replacement cycle brought about by the performance upgrade of mobile phones. Concurrently, the market size of computers in terms of sales value grew from RMB2,050.4 billion to RMB2,231.6 billion from 2020 to 2024, with a CAGR of 2.1%. As human-computer interaction revolution and sustainable computing become important directions, the market size is expected to reach RMB2,899.5 billion by 2029, with a CAGR of 5.5% from 2025 to 2029. Shipment volume of consumer batteries in the mobile phones and computers sector grew from 6.4 billion units in 2020 to 8.2 billion units in 2024 with a CAGR of 6.3%, with the iteration of mobile phones and the consumption upgrade being the main reasons. In the forecast period, driven by the comprehensive penetration of AI technology and the explosive growth of computing power demand, shipment volume of consumer batteries in this sector is expected to increase to 14.5 billion units with a CAGR of 11.6% from 2025 to 2029.
- **Power Tools:** The global market size of power tools in terms of sales value increased from RMB374.1 billion in 2020 to RMB423.1 billion in 2024, reflecting a CAGR of 3.1%. Supported by the integration of intelligent and automation technologies, the market size of power tools is expected to grow from RMB447.9 billion in 2025 to RMB544.7 billion in 2029, representing a CAGR of 5.0%. The form of tools is accelerating its evolution from wired to wireless. The rechargeable design breaks through the spatial constraints of usage scenarios and, with its advantage of convenient operation, continues to penetrate into niche fields such as garden maintenance and home repair, becoming a new driving force for market expansion. From 2020 to 2024, shipment volume of consumer batteries in the power tools sector increased from 0.9 billion units to 1.6 billion units with a CAGR of 14.4% from 2020 to 2024, driven by the improvement of lithium battery energy density and motor technology, as well as the rigid demand for high-precision and high-torque tools in industrial automation. In the future, shipment volume of consumer batteries in this sector is expected to increase from 1.8 billion units to 2.8 billion units, with a CAGR of 11.5% from 2025 to 2029.
- **Data Center:** From 2020 to 2024, the global data center market size in terms of sales value rose from RMB427.2 billion to RMB620.6 billion, with a CAGR of 9.8%, reflecting the strong momentum of global digital infrastructure investment. Due to the accelerated digital transformation of enterprises, the popularization of cloud computing, and the driving force of 5G and IoT technologies, the market size of data center is expected to expand rapidly from RMB688.3 billion to RMB1,031.7 billion, with a CAGR of 10.6% from 2025 to 2029. The commercialization of technologies such as artificial intelligence and big data analysis will continue to drive market demand. The global shipment volume of consumer batteries in the data center sector has shown significant growth from 0.4 billion units in 2020 to 2.3 billion units in 2024, reflecting a CAGR of 57.7%. In the future, driven by digital transformation and the expansion of cloud computing, it is expected to increase from 3.2 billion units to 10.7 billion units, with a CAGR of 35.7% from 2025 to 2029.

INDUSTRY OVERVIEW

- **Low-Altitude Economy:** The low-altitude economy mainly includes UAVs and eVTOLs. The global UAV sales volume rose from 11.3 million units in 2020 to 33.8 million units in 2024 with a CAGR of 31.4%. In the forecast period, logistics automation, urban air mobility implementation, favorable policies, and infrastructure monitoring demand in emerging markets will drive the global sales of UAV to increase from 43.4 million units to 97.8 million units from 2025 to 2029, maintaining a steady expansion at a CAGR of 22.6%. Meanwhile, the global eVTOL market is transitioning from concept to commercialization, fueled by UAM ecosystem growth and surging low-carbon travel demand. From 2020 to 2024, the global sales volume of eVTOL rapidly grew from 50 units to 1,120 units, with a CAGR of 117.6%. Looking ahead, the market sales volume is expected to increase from 2.2 thousand units in 2025 to 32.6 thousand units in 2029, achieving a CAGR of 96.3%. The global shipment volume of consumer batteries in the low-altitude economy market has shown remarkable growth from 0.1 billion units in 2020 to 0.5 billion units in 2024, reflecting a CAGR of 77.4%. This initial growth phase was driven by the early adoption of electric propulsion systems in small-scale aviation, particularly in applications such as UAVs and eVTOL. Policies and emerging scenarios such as urban air traffic will continue to release demand, and the synergy between AI and battery development will likely accelerate the growth of the low-altitude economy. Forecasts indicate growth to 8.0 billion units by 2029 at a projected CAGR of 75.5% from 2025 to 2029.
- **Robots:** The global robot market size in terms of sales value has grown from RMB256.0 billion in 2020 to RMB431.6 billion in 2024, with a CAGR of 14.0%. The increasing level of industrial automation, the aging population and labor shortage will continue to stimulate the demand for automation, while the technological integration of 5G, edge computing and artificial intelligence will further promote the development of emerging industries such as flexible manufacturing and personalized services. It is expected that from 2025 to 2029, the global robot market will continue to expand at a CAGR of 15.0%, reaching RMB861.9 billion in 2029. The global shipment volume of consumer batteries in the robots sector increased from 0.3 billion units in 2020 to 1.1 billion units in 2024 with a CAGR of 45.6%, driven by advancements in AI and automation technologies. By 2029, it is projected to reach 5.8 billion units, growing at a CAGR of 39.1% from 2025 to 2029. The integration of AI-driven capabilities, such as natural language processing and advanced mobility, is expected to drive the adoption of robots in sectors including healthcare, retail, and customer service.

INDUSTRY OVERVIEW

Shipment Volume of Consumer Battery Market
(by product type), Global, 2020-2029E



Source: Frost & Sullivan

- Primary Lithium Battery:** Primary lithium battery demonstrated a rapid growth, expanding from 0.7 billion units in 2020 to 1.9 billion units in 2024 at a CAGR of 29.3%. This trajectory reflects rising demand for portable energy storage solutions such as smart home system, healthcare devices, and automotive industries, where the high energy density, long shelf life, and lightweight characteristics of primary lithium battery is significant. The market is poised for accelerated growth, projected to reach 7.4 billion units by 2029 at a CAGR of 31.0%, driven by the increasing need for longer-lasting, more reliable battery solutions across multiple devices and systems.
- Small Lithium-ion Battery:** Small lithium-ion battery witnessed a steady growth, rising from 7.4 billion units in 2020 to 12.6 billion units in 2024 at a CAGR of 14.1%. The adoption of batteries with high energy density, long cycle life and enhanced safety for the upgrading of consumer electronics has been pivotal. Notably, the rapid expansion of consumer-grade devices such as smart wearables and electronic atomizer drive significant market growth for small lithium-ion batteries. Forecasts indicate a climb to 35.4 billion units by 2029 with a CAGR of 23.6% from 2025 to 2029, supported by the emerging applications of consumer batteries.

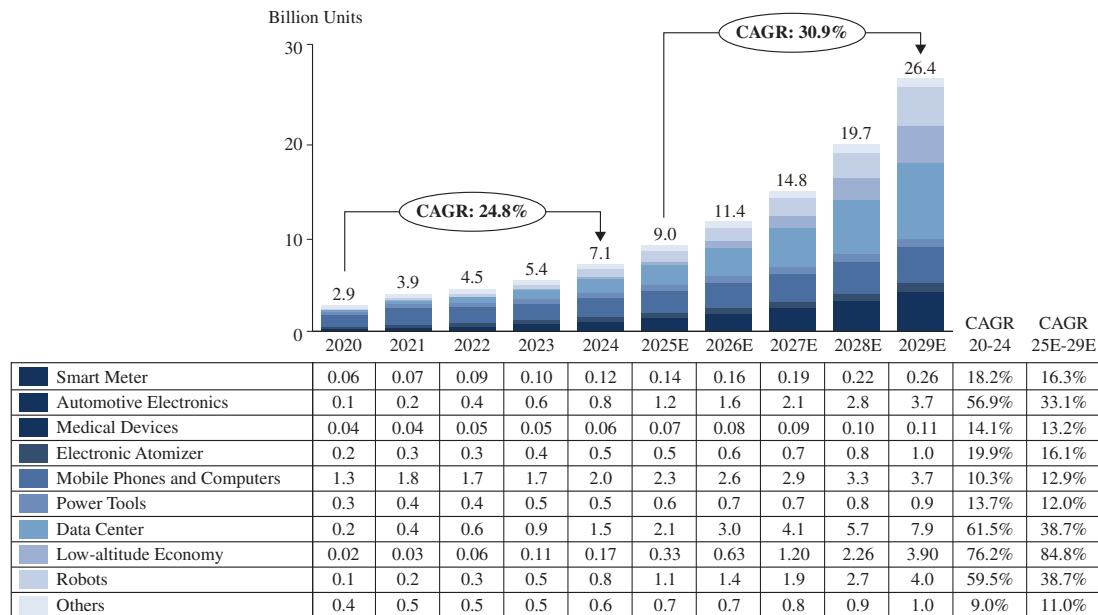
INDUSTRY OVERVIEW

- Cylindrical Battery:** Cylindrical battery expanded from 1.7 billion units in 2020 to 3.2 billion units in 2024, growing at a CAGR of 17.1%. This reflects the rapid development of UAVs, power tools and robots, with cylindrical battery providing stable power storage. The market is projected to reach 12.3 billion units by 2029 with a CAGR of 32.0% from 2025 to 2029, driven by breakthroughs in technical bottlenecks such as material system, manufacturing process and application scenarios.

Market Size of China’s Consumer Battery Market

China’s consumer battery market is currently in a technology-driven growth phase, characterized by diversified applications and strong policy support. Moving forward, it will prioritize high-performance, intelligent integration, and sustainable innovation. From 2020 to 2024, China’s total shipment volume of consumer battery increased from 2.9 billion units to 7.1 billion units with a CAGR of 24.8%. This expansion is fuelled by robust demand from domestic downstream industries such as consumer electronics and electric vehicles. Looking ahead, the shipment volume is projected to grow from 9.0 billion units in 2025 to 26.4 billion units in 2029 at a CAGR of 30.9%, sustained by 5G infrastructure integration and emerging sectors such as low-altitude economy.

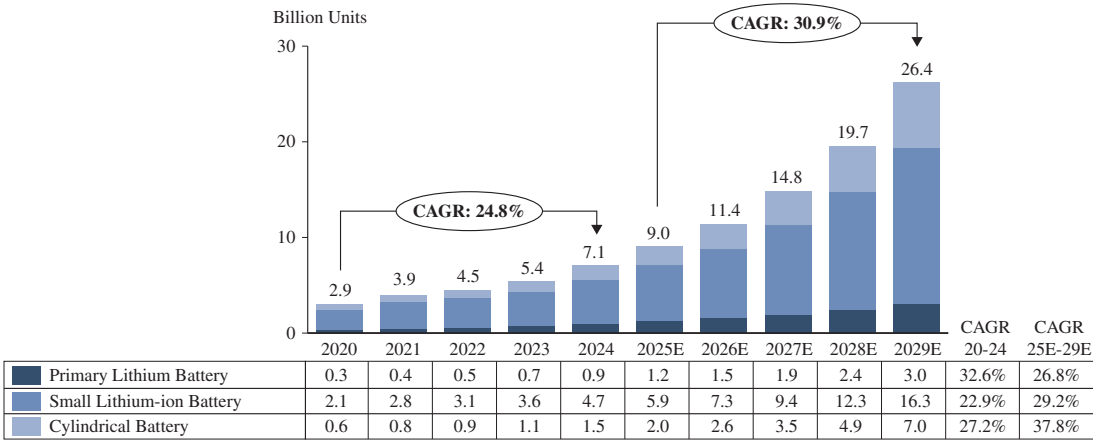
**Shipment Volume of Consumer Battery Market
(by downstream applications), China, 2020-2029E**



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Shipment Volume of Consumer Battery Market (by product type), China, 2020-2029E



Source: Frost & Sullivan

Market Drivers of Consumer Battery Market

- **Evolving Electronics and Emerging Applications:** Technological innovation and emerging applications in consumer electronics propel consumer battery industry growth. The shift toward AI ecosystems drives demand for high-energy-density, lightweight batteries with fast-charging capabilities to support complex computations and multi-device coordination. Concurrently, new scenarios such as IoT deployment, power tools, and medical devices accelerate development by requiring instantaneous high-power discharge and absolute operational reliability, collectively pushing performance boundaries. These necessities catalyze continuous evolution in cell architecture design and intelligent power management systems.
- **Technology Advancement:** Technological innovations remain pivotal drivers advancing the consumer battery market. Silicon-anode lithium batteries, leveraging higher energy density, faster charging, and longer lifespan, collectively redefine performance ceilings for portable power devices. These cumulative improvements elevate rapid charging capabilities and safety standards, enabling applications in emerging areas. Ultimately, continuous refinement transforms batteries into strategic enablers for next-generation electronics through material and process optimization.

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- ***Favorable Government Policies:*** China’s National Lithium Battery Industry Standard System Construction Guidelines (2024) defined standards across the entire industry chain, driving the consumer battery industry toward higher quality. Simultaneously, the Lithium Battery Industry Standard Conditions (2024) sets binding thresholds for enterprise capacity utilization rates and R&D investment ratios, compelling technological innovation and cost optimization through economies of scale. In the U.S., National Blueprint for Lithium Batteries 2021-2030 proposed five development goals covering the raw materials, R&D, manufacturing and recycling to establish U.S. dominance in the global battery market. Based on Regulation (EU) 2023/1542, portable and LMT batteries must be user-replaceable or removable with common tools, which drives modular redesign, pushing manufacturers toward sustainable, repairable designs while expanding compatible battery ecosystems.

Development Trends of Consumer Battery Market

- ***Battery Technology Breakthroughs:*** The consumer battery sector is undergoing transformative breakthroughs across materials, manufacturing processes, performance, and safety. In the near future, emerging innovations are expected to boost performance and efficiency of consumer battery. Pouch-cell batteries are advancing toward structural optimization, offering enhanced safety, repeated disassembly and replacement for next-generation devices. Steel-cased packaging is driving energy density breakthroughs, enabling better performance and enhanced user experience. These unwavering commitments to technological progress not only drive improvements in consumer electronic range and performance, but is also crucial in ensuring wider application of consumer battery.
- ***Diversified Product Demand:*** Consumer battery demand is increasingly diversifying as emerging electronic products continue to multiply, penetrating specialized sectors that require tailored electrochemical solutions. Smart meters and data center backup systems require stable power delivery with long maintenance-free operation. Low-altitude economy necessitates compact cells with high-energy-density architectures and rapid-charge compatibility. Medical devices and power tools place higher demands on the safety and reliability of consumer batteries. For example, medical devices usually require batteries to have a stable voltage output and a long service life. This trend is pushing the market to focus more on designing batteries that meet the specific performance needs of different applications.
- ***Synergy Scaling of Leading Enterprises:*** The escalating economies of scale among leading battery manufacturers constitute a pivotal market trend. Through sustainable R&D investment, industry leaders persistently enhance the performance of consumer batteries to address market demands for premium-quality products, consolidating their market dominance. Simultaneously, vertically integrated supply chains enable production scaling capacities, raising competitive barriers and accelerating sector consolidation. As demand for high-performance, sustainable batteries grows, industry leaders will continue to harness scale effects to drive down costs, accelerate innovation, and capture emerging markets. This consolidation trend underscores the critical role of scale efficiency in shaping the industry’s future.

INDUSTRY OVERVIEW

ANALYSIS OF POWER BATTERY MARKET

Definition and Classification of Power Battery

Power batteries refer to rechargeable power storage systems used in EVs, construction machinery and other transportation vehicles to provide driving energy. The core function is to achieve efficient conversion of chemical energy and electrical energy through electrochemical reactions, meeting performance requirements such as high energy density, long cycle life, and safety and reliability.

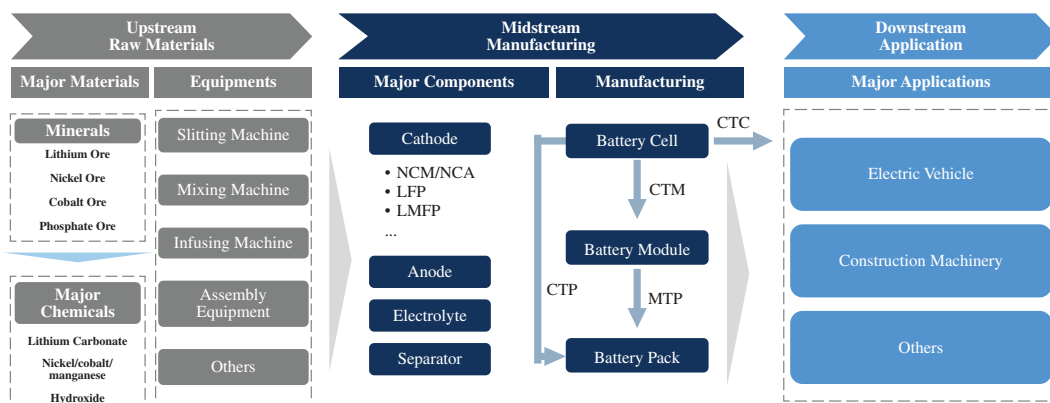
By cathode materials, lithium-ion power batteries primarily include ternary batteries and Lithium Iron Phosphate (LFP) batteries. Some new types of lithium-ion batteries are also under early application stage, such as Lithium Manganese Iron Phosphate (LMFP) battery, which demonstrates excellent performance in terms of safety and low-temperature performance. The primary type of ternary batteries in China, namely Nickel Cobalt Manganese (NCM) batteries, have a high energy density and are widely used in various types of electric vehicles.

Value Chain of Power Battery Industry

The power battery value chain primarily includes (i) mining and processing of minerals; (ii) cell components manufacturing; (iii) battery cell, battery module and battery pack manufacturing; and (iv) battery end-uses.

The upstream sector confronts escalating demand for critical minerals, including lithium, nickel, and cobalt, prompting battery manufacturers to pursue sustainable sourcing and vertical integration for supply security. The midstream encompasses power battery manufacturing through sequential stages from cell production to module assembly and pack integration. Downstream applications include electric vehicles, construction machinery, etc.

Value Chain of Power Battery Industry



Source: Frost & Sullivan

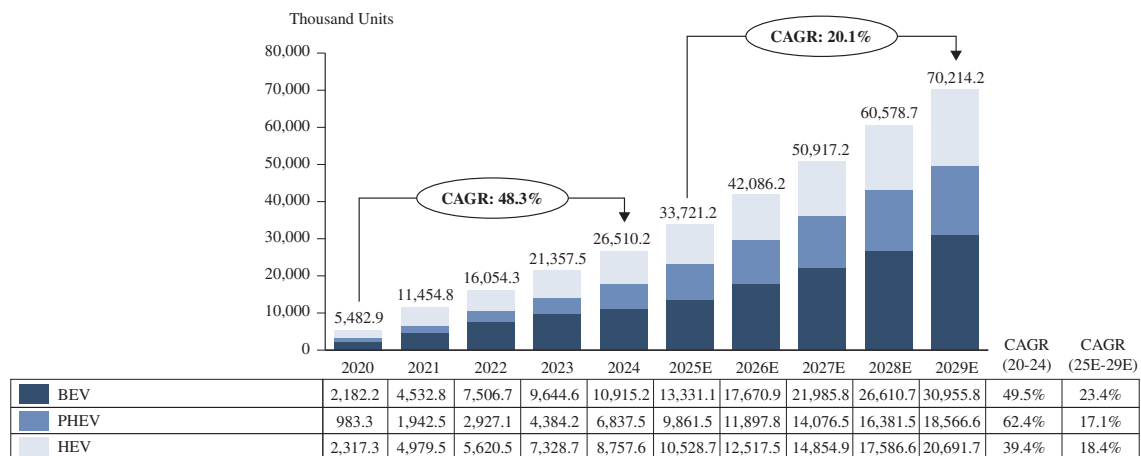
INDUSTRY OVERVIEW

Sales Volume of Global Electric Vehicles

Global EV sales volume increased from 5,482.9 thousand units in 2020 to 26,510.2 thousand units in 2024, representing a CAGR of 48.3%. In the forecast period, benefiting from the technological progress and innovation of EVs, the improvement of the industrial chain, the promotion and support of policies in many countries, as well as the ongoing transition from fuel energy to renewable energy, the sales volume is expected to further increase to 70,214.2 thousand units by 2029, representing a CAGR of 20.1% from 2025 to 2029. Such growth is primarily driven by technological progress and innovation in the EV industry, further improvement in industry value chain, favourable policies, as well as the ongoing transition from fuel energy to renewable energy.

In terms of power types, PHEV sales grew the fastest from 2020 to 2024. PHEV sales volume increased from 983.3 thousand units to 6,837.5 thousand units with a CAGR of 62.4%. It is expected to further grow to 18,566.6 thousand units in 2029 at a CAGR of 17.1% from 2025 to 2029.

Sales Volume of EVs (by power type), Global, 2020-2029E



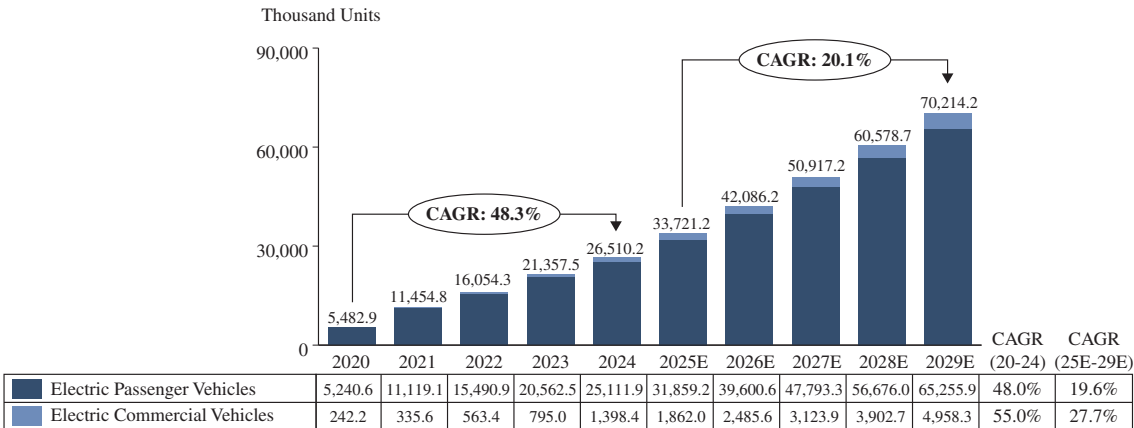
Source: Frost & Sullivan

The global sales volume of electric passenger vehicles (PV) increased from 5,240.6 thousand units in 2020 to 25,111.9 thousand units in 2024, reflecting a CAGR of 48.0%. By 2029, it is projected to reach 65,255.9 thousand units with a CAGR of 19.6% from 2025 to 2029. The core driving forces lie in the breakthroughs in electrification and intelligence technologies, the upgrading of environmental protection demands, the release of consumption potential in emerging markets, and the cost optimization driven by global layout.

INDUSTRY OVERVIEW

The electric commercial vehicle (CV) segment showed faster growth. The sales volume increased from 242.2 thousand units in 2020 to 1,398.4 thousand units in 2024, reflecting a CAGR of 55.0%. By 2029, it is projected to reach 4,958.3 thousand units, growing at a CAGR of 27.7% from 2025 to 2029. The growth is propelled by the expansion of logistics demand and infrastructure investment in emerging markets, which lead to rising adoption of electric trucks, electric logistics vehicles, electric buses and others.

Sales Volume of EVs (by vehicle type), Global, 2020-2029E



Source: Frost & Sullivan

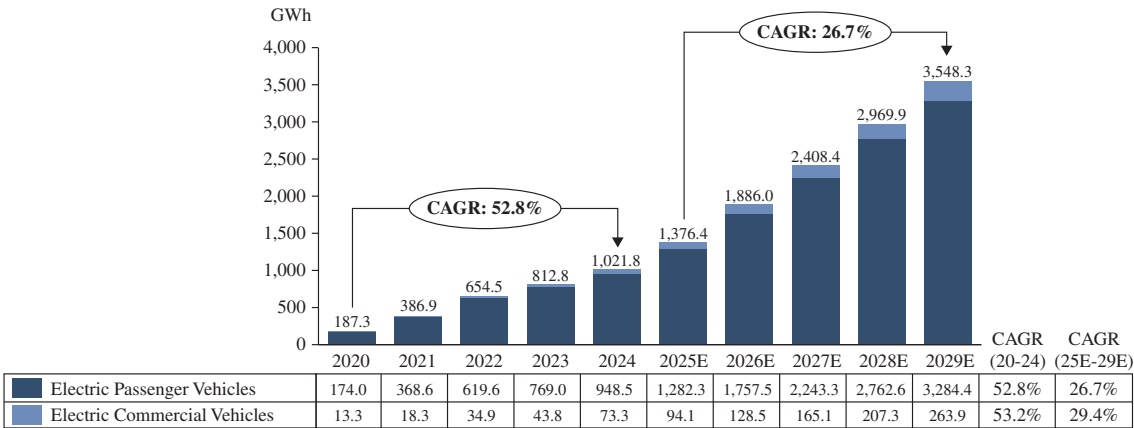
Market Size of Global EV Battery Market

The global EV battery market has experienced exponential growth, driven by the rapid adoption of EVs and advancements in battery technologies. This surge is primarily fuelled by government policies promoting decarbonization, falling battery production costs, and rising consumer demand for sustainable transportation solutions. The total shipment volume increased from 187.3 GWh in 2020 to 1,021.8 GWh in 2024 with a CAGR of 52.8%, and is expected to further increase to 3,548.3 GWh in 2029 at a CAGR of 26.7% from 2025 to 2029.

In terms of vehicle types, electric PV segment dominates the EV battery market. The shipment volume increased from 174.0 GWh in 2020 to 948.5 GWh in 2024, reflecting a CAGR of 52.8%. By 2029, the shipment volume is projected to reach 3,284.4 GWh with a CAGR of 26.7% from 2025 to 2029, which is supported by technological innovation, policy incentives, and the shift in consumer preferences towards sustainable mobility solutions. The electric CV segment has also significantly contributed to the growth of the EV battery market. The shipment volume increased from 13.3 GWh in 2020 to 73.3 GWh in 2024, reflecting a CAGR of 53.2%. By 2029, the shipment volume is projected to reach 263.9 GWh, growing at a CAGR of 29.4% from 2025 to 2029. The growth is propelled by the rising adoption of electric heavy trucks and other electric commercial vehicles, with technologies such as AI-BMS optimizing charging strategies and reducing operating costs.

INDUSTRY OVERVIEW

Shipment Volume of EV Battery (by vehicle type), Global, 2020-2029E



Source: Frost & Sullivan

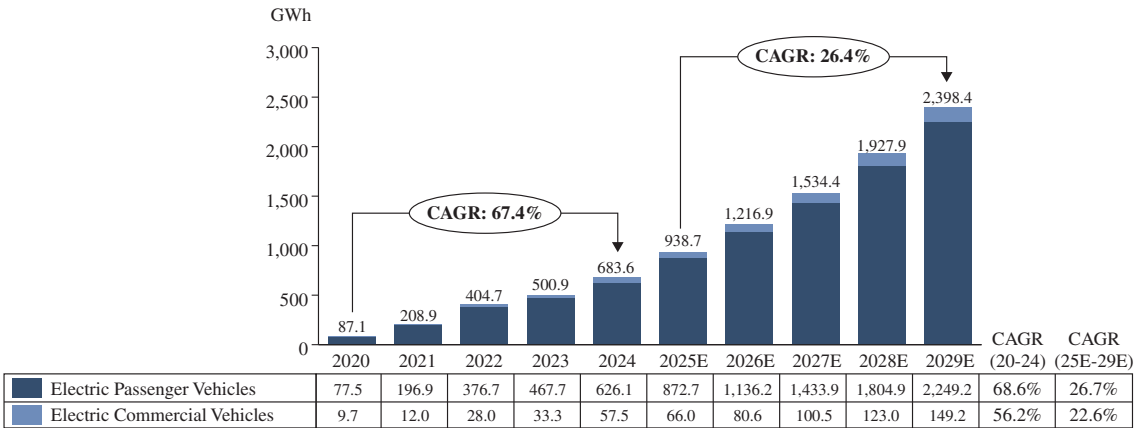
Market Size of China’s EV Battery Market

The China EV battery market has witnessed substantial growth, propelled by the swift uptake of EVs and progress in battery technologies. This surge is amplified by aggressive government subsidies, extensive charging infrastructure rollouts, and strong domestic demand for EVs. In 2020, the total shipment volume of EV battery was 87.1 GWh, surging to 683.6 GWh in 2024, which indicates a CAGR of 67.4%. By 2029, total shipment volume is forecasted to reach 2,398.4 GWh, growing at a CAGR of 26.4% from 2025 to 2029.

Electric PV segment also dominates the EV battery market in China. The shipment volume grew from 77.5 GWh in 2020 to 626.1 GWh in 2024, reflecting a CAGR of 68.6%. By 2029, the shipment volume is projected to reach 2,249.2 GWh with a CAGR of 26.7% from 2025 to 2029. The shipment volume of electric CVs increased from 9.7 GWh in 2020 to 57.5 GWh in 2024, reflecting a CAGR of 56.2%. In the future, technological upgrades will focus on large modules and cell-to-pack technology to enhance energy density and space utilization. With the increasing penetration rate of electrification in commercial vehicles, and the promotion of battery swapping models, the shipment volume is expected to reach 149.2 GWh in 2029, growing at a CAGR of 22.6% from 2025 to 2029.

INDUSTRY OVERVIEW

Shipment Volume of EV Battery (by vehicle type), China, 2020-2029E



Source: Frost & Sullivan

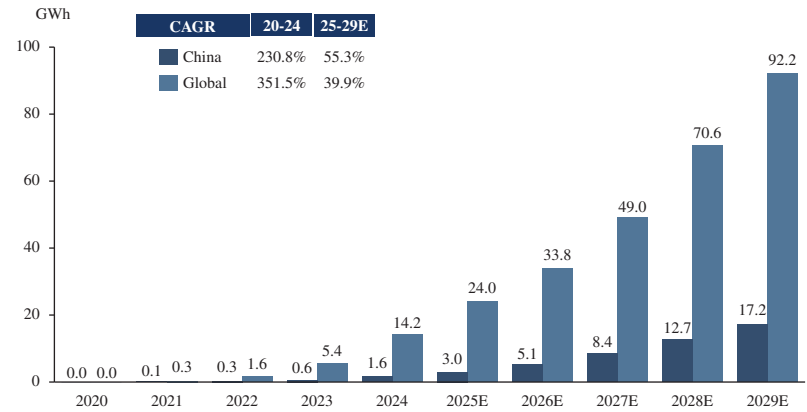
Market Size of Global and China’s Machinery Construction Power Battery Market

The global machinery construction power battery market is undergoing robust expansion, driven by the electrification of heavy-duty construction machinery, mining equipment, and industrial vehicles. From 2020 to 2024, the shipment volume grew from 0.03 GWh to 14.2 GWh, achieving a CAGR of 351.5%, as industries increasingly adopted lithium-ion batteries for their superior energy density and resilience in extreme temperatures. Looking ahead, the market is projected to grow from 24.0 GWh in 2025 to 92.2 GWh in 2029 at a CAGR of 39.9%, supported by innovations in fast-charging infrastructure for off-grid applications and hybrid powertrain integration in excavators, forklifts, and agricultural machinery.

China’s construction machinery power battery market is experiencing rapid growth, driven by the electrification of heavy-duty machinery and strict emissions regulations under the “dual-carbon” strategy. From 2020 to 2024, the shipment volume of China’s machinery construction power battery market increased from 0.01 GWh to 1.6 GWh at a CAGR of 230.8%, fueled by widespread adoption of cost-efficient LFP batteries. The sector is projected to expand from 3.0 GWh in 2025 to 17.2 GWh in 2029 at a CAGR of 55.3%, supported by smart manufacturing upgrades and hybrid powertrain integration.

INDUSTRY OVERVIEW

Shipment Volume of Machinery Construction Power Battery, Global and China, 2020-2029E



Source: Frost & Sullivan

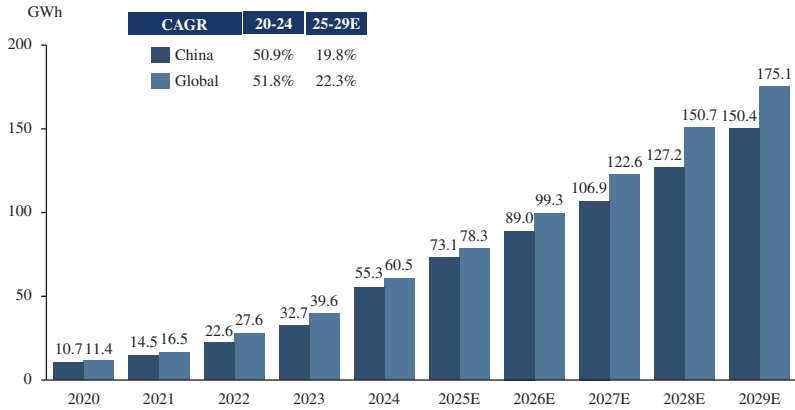
Market Size of Global and China’s Lightweight Power Battery Market

Driven by the global popularization of electric two-wheelers and green travel policies, the market of lightweight power batteries is experiencing significant expansion. From 2020 to 2024, the shipment volume grew from 11.4 GWh to 60.5 GWh, achieving a CAGR of 51.8%. This growth mainly stems from several contributing factors, including environmental protection policy requirements, the transformation towards short-distance travel of consumer demand, and technological breakthroughs in battery and materials. Looking ahead, the market is projected to grow from 78.3 GWh in 2025 to 175.1 GWh in 2029 at a CAGR of 22.3%.

From 2020 to 2024, the shipment volume of China’s lightweight power battery market increased from 10.7 GWh to 55.3 GWh at a CAGR of 50.9%, fueled by the strong guidance of policies such as the new national standards, the explosive growth of consumer demand driven by the expansion of the food delivery and sharing economy, the substitution of lead-acid batteries, as well as breakthroughs in technology. The sector is projected to expand from 73.1 GWh in 2025 to 150.4 GWh in 2029 at a CAGR of 19.8%, supported by technological iteration, cost optimization and innovation in shared battery swapping models.

INDUSTRY OVERVIEW

Shipment Volume of Lightweight Power Battery, Global and China, 2020-2029E



Source: Frost & Sullivan

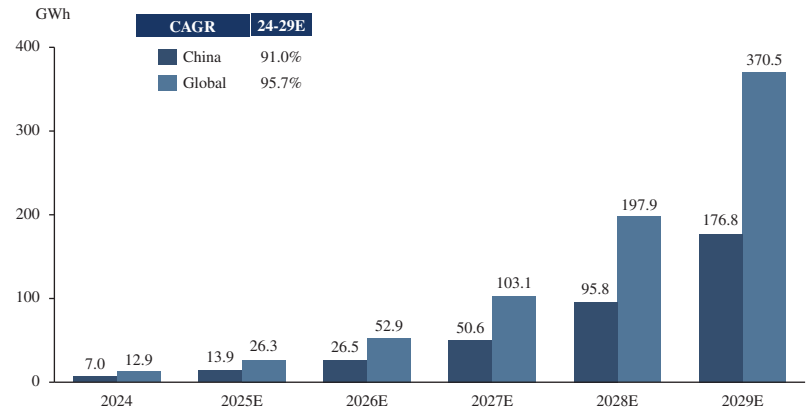
Market Size of Global and China’s Large Cylindrical Power Battery Market

The future prospects of global large cylindrical power battery market are remarkably robust. Having reached 12.9 GWh in shipment volume in 2024, the market is projected to increase to 370.5 GWh in 2029, achieving a CAGR of 95.7%. This predicted increase can be explained through multiple dimensions. Firstly, the rapid expansion of EV market and automakers’ increasingly demanding specifications for battery performance have positioned large cylindrical cells as the preferred solution due to their superior performance, enhanced safety, and cost advantages. Secondly, such batteries are seeing accelerated adoption in applications such as electric passenger vehicles, electric two-wheelers with their mass production capacity projected to intensify growth momentum. Furthermore, technological breakthroughs and strengthening synergies across the value chain will collectively propel the robust expansion of the large cylindrical power battery market in the coming years.

China’s large cylindrical power battery market also exhibits strong future growth potential. With shipments already reaching 7.0 GWh in 2024, the sector is expected to undergo a dramatic expansion, increasing to 176.8 GWh by 2029 at a CAGR of 91.0%.

INDUSTRY OVERVIEW

Shipment Volume of Large Cylindrical Power Battery, Global and China, 2020-2029E



Source: Frost & Sullivan

Market Drivers of Power Battery Market

- Technological Advancement:** The power battery technologies continue to advance, with ongoing innovations in areas such as cathode materials, battery cell structure, manufacturing processes, and techniques. Specifically, the innovative breakthrough of large cylindrical cells has injected new impetus into the development of power batteries. Meanwhile, the improvement of LMFP battery technology and the accelerated pace of commercialization have become new engines for the development of the industry. This technological transformation prompts enterprises to increase their research and development efforts, enhance product competitiveness, and promote the continuous upgrading of power battery technology.
- Accelerating Transportation Electrification Process:** The accelerated transformation of automobiles towards electrification has released a huge demand for power batteries. Requirements for long-range and fast-charging batteries in fields such as logistics and transportation have driven enterprises to conduct targeted research and development and improvements. The rapid development of commercial vehicles has continuously optimized power batteries in terms of capacity, fast charging efficiency and cycle life, expanding the application boundaries of power batteries in the commercial vehicle market, opening up new space for the growth of the global power battery market, and becoming an important force driving market development.
- Broad Application Scenarios:** The continuous innovation of power battery technology has significantly enhanced its energy density, safety and efficiency, and its application scenarios are extending to a wider range of fields, such as construction machinery and electric two-wheelers. Diversified downstream application scenarios are continuously injecting new vitality into the power battery market, driving the industry towards a broader growth space.

INDUSTRY OVERVIEW

Development Trends of Power Battery Market

- ***Continuous Technology Innovation and Breakthroughs on Battery Performance:*** Continuous innovation and technological breakthroughs in battery performance will be the core trend in the future. Enterprises will focus on enhancing energy density, shortening charging time and extending cycle life. Through technological innovations such as adjusting battery structure, improving cathode and anode materials and electrolyte systems and developing solid-state batteries, they will promote a comprehensive upgrade of power batteries in terms of range, safety and efficiency, further expand the boundaries of application scenarios such as construction machinery, and light-duty vehicles, and strengthen the market’s demand for high-performance batteries.
- ***Accelerating Application of Large Cylindrical Cells:*** Large cylindrical cells are emerging as a key direction in power battery technology evolution. Their high energy density, production efficiency, and structural stability help to enhance both range capabilities and safety while offering superior solutions for large-scale EV adoption. Compared to traditional battery formats, their standardized design significantly improves modular efficiency, simplifying thermal management systems and BMS control while reducing lifecycle costs. With several automakers experimenting with large cylindrical cells and leading battery manufacturers accelerating production line expansion, large cylindrical cells are poised for widespread adoption in premium EVs and energy storage systems as process maturity and industry chain collaboration advance, positioning them as a critical technological pathway for power battery industry advancement.
- ***Increasing Globalization:*** China’s power battery market holds a dominant position globally by leveraging its full industrial chain advantages. Driven by domestic overcapacity and international demand, China’s leading power battery companies are rapidly establishing overseas manufacturing hubs. Their high-quality batteries are widely used in EVs and lightweight vehicles, meeting the growing global demand for sustainable energy solutions. Leading domestic enterprises are consolidating their competitiveness through technological iteration and overseas factory construction to better serve international clients and enhance their market share. The global battery supply system is accelerating its formation.

ANALYSIS OF ESS BATTERY MARKET

Definition and Structure of Energy Storage System

Electrochemical energy storage (ESS) refers to a variety of secondary battery energy storage technologies and measures, which uses chemical batteries to store electrical energy and release it when needed. ESS typically includes lithium-ion batteries, sodium sulphur batteries, flow batteries, and lead batteries, among which lithium-ion batteries currently hold the dominant position due to their cost effectiveness and optimal physical properties. Compared to other energy storage technologies, ESS is the most widely-used form with significant growth potential due to the short construction period, flexibility in geographic locations, gradually reducing costs and increasingly developed technology.

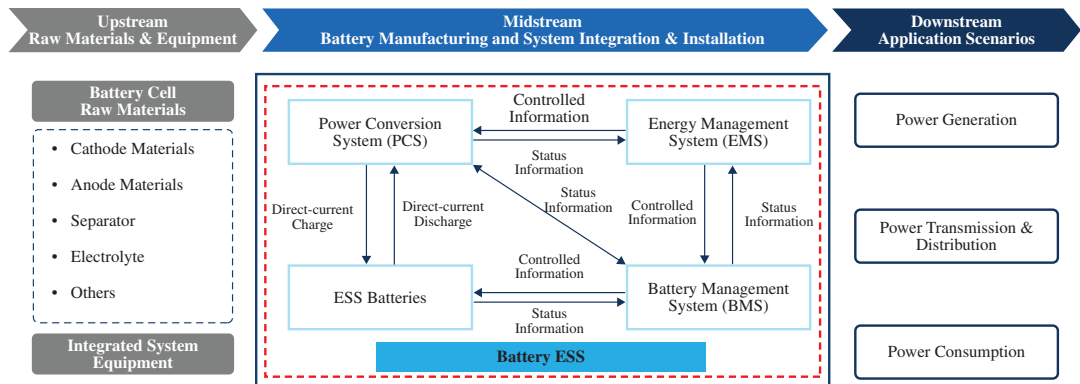
INDUSTRY OVERVIEW

The electrochemical energy storage system can be categorized as centralized ESS and distributed ESS based on applicated scenarios. The centralized ESS is extensively utilized in power generation, which enables peak load levelling, renewable energy grid connection, and reserve electric generating capacity. Moreover, in power transmission and distribution, it supports system frequency modulation, alleviates power grid congestion, and delays extensive transmission and distribution equipment upgrades. Distributed ESS includes commercial and household applications, which facilitates efficient and cost-effective energy use through electricity generation by PV devices and peak-valley spread arbitrage.

Value Chain of ESS Battery Industry

The upstream value chain of ESS battery including sources and processes of raw materials for battery cells and system equipment. The midstream is battery manufacturing and system integration installation, including the production of batteries and system integration featuring PCS and management systems such as EMS and BMS. The downstream is application scenarios, including power generation, power transmission and distribution, and power consumption.

Value Chain of ESS Battery Industry



Source: Frost & Sullivan

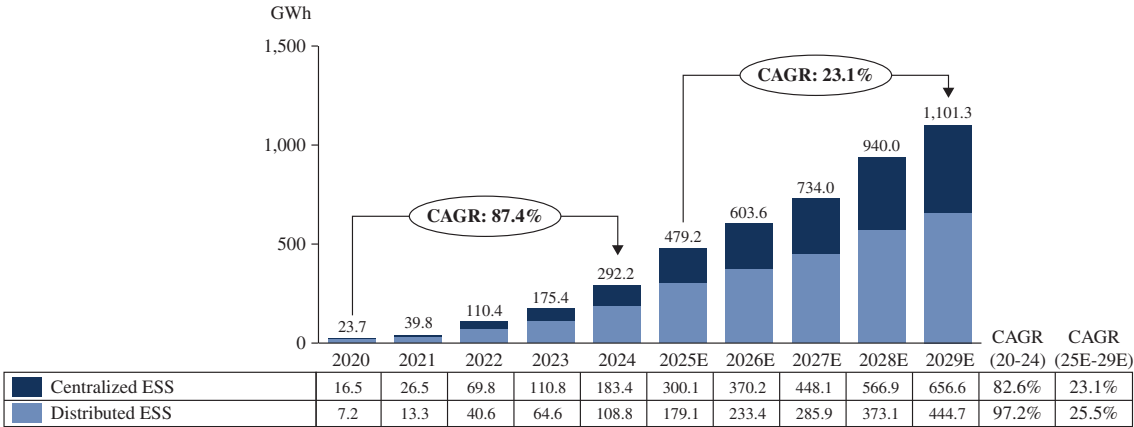
INDUSTRY OVERVIEW

Market Size of ESS Battery

With the wide application of ESS batteries in power consumption, power generation, and power transmission and distribution, from 2020 to 2024, the global ESS battery annual shipment increased from 23.7 GWh to 292.2 GWh with a CAGR of 87.4%. With the continuous advancement of global large-scale renewable power projects, the shipment volume of global centralized ESS battery increased to 183.4 GWh in 2024 and is expected to climb to 656.6 GWh in 2029, with a CAGR of 23.1% from 2025 to 2029. In addition, in order to improve the efficiency of electricity consumption under commercial and living scenarios as well as improve the stability and sustainability of urban electricity consumption, the shipment volume of distributed ESS battery is expected to reach 444.7 GWh in 2029, with a CAGR of 25.5% from 2025 to 2029.

In the forecast period, as the global demand for renewable energy continues to increase, the shipment volume of solar photovoltaic and wind power is growing rapidly, which promotes ESS batteries to be applied in a wider range of scenarios. It is estimated that in 2029, the global ESS battery annual shipment will be 1,101.3 GWh, representing a CAGR of 23.1% from 2025 to 2029.

Shipment Volume of ESS Battery
(by downstream applications), Global, 2020-2029E



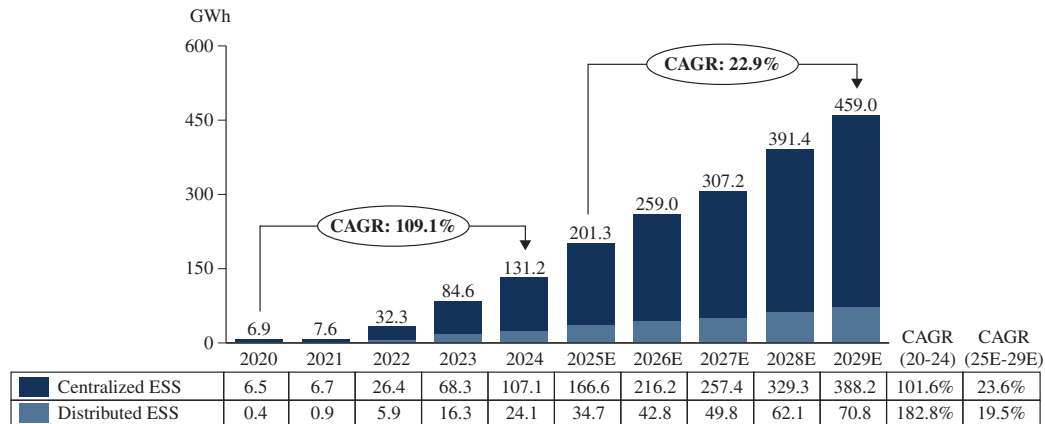
Source: Frost & Sullivan

China's ESS battery market experienced rapid growth from 2020 to 2024, driven by a combination of factors, including policy support, technological advancements and growing downstream market demand. The shipment volume of ESS battery in China increased from 6.9 GWh in 2020 to 131.2 GWh in 2024, representing a CAGR of 109.1%. In particular, the shipment volume of distributed ESS battery in China grew significantly from 0.4 GWh in 2020 to 24.1 GWh in 2024, with a CAGR of 182.8%.

INDUSTRY OVERVIEW

It is estimated that China’s ESS battery market will continue to expand. The annual shipment of ESS battery in China is expected to increase from 201.3 GWh in 2025 to 459.0 GWh in 2029, representing a CAGR of 22.9% during the period.

Shipment Volume of ESS Battery (by downstream applications), China, 2020-2029E



Source: Frost & Sullivan

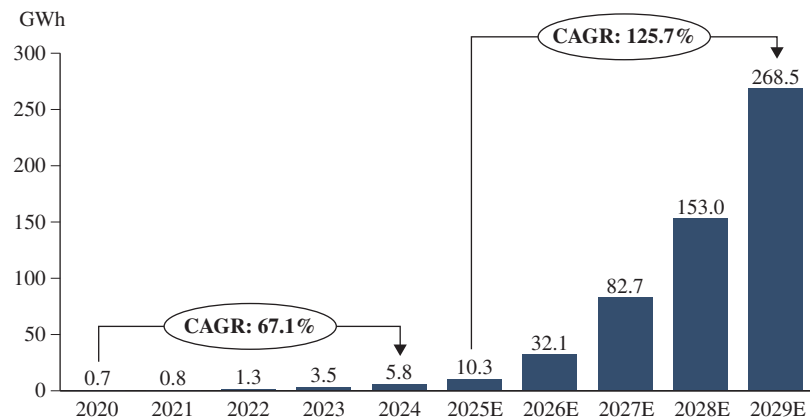
Market Size of New Energy Vessel Battery

The shipment volume of global new energy vessel battery increased from 0.7 GWh in 2020 to 5.8 GWh in 2024, with a CAGR of 67.1% during the period. The demand for new energy vessel battery is rapidly growing, primarily driven by (i) the acceleration of investments and R&D in the electrification of shipbuilding and shipping industry; (ii) the continuous evolution of battery technologies; (iii) government policy incentives for new energy vessel industry chain; and (iv) demands from large vessels, such as containerships, to have additional backup batteries to be stored at docks for battery swapping.

It is expected that the global shipment volume of new energy vessel battery will continue to grow from 10.3 GWh in 2025 to 268.5 GWh in 2029, with a CAGR of 125.7% during the period.

INDUSTRY OVERVIEW

Shipment Volume of New Energy Vessel Battery, Global, 2020-2029E

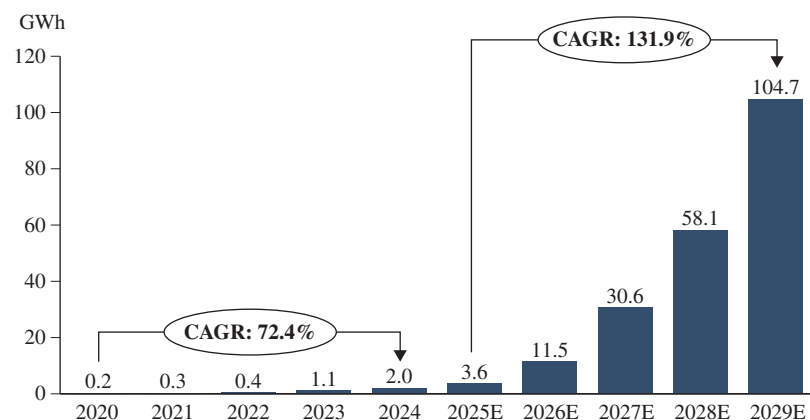


Source: Frost & Sullivan

The shipment volume of new energy vessel battery in China has exhibited significant growth from 2020 to 2024, increasing from 0.2 GWh to 2.0 GWh, representing a CAGR of 72.4% during this period. This rapid expansion is driven by the growing awareness of environmental sustainability in the maritime industry and the increasing adoption of electric vessels for both commercial and recreational purposes. Additionally, advancements in battery technology have enhanced the performance and range of new energy vessel batteries, making them more viable for widespread use.

It is expected that the shipment volume of new energy vessel battery in China will increase to 104.7 GWh in 2029, representing a CAGR of 131.9% from 2025 to 2029. This sustained increase is supported by the ongoing efforts to decarbonize the shipping industry. Government policies aimed at promoting green shipping and incentivizing the adoption of electric vessels are also key drivers of this growth.

Shipment Volume of New Energy Vessel Battery, China, 2020-2029E



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Market Drivers of ESS Battery Market

- ***Rising Demand for Renewable Energy Storage:*** The global energy transition is driving exponential growth in renewable energy deployment, with solar and wind capacities expanding rapidly across major markets. The declining curtailment rates of variable renewables demonstrate improving system efficiency while simultaneously highlighting the need for flexible storage capacity. Large-scale renewable integration, coupled with electrification trends in transportation and industries, is accelerating the adoption of ESS worldwide.
- ***Broad Application Scenarios:*** The ESS batteries play a crucial role across the entire power sector, including generation, transmission, distribution, and end-use applications. The rapid expansion of renewable energy infrastructure worldwide is creating a robust foundation for large-scale energy storage deployment. As the global energy transition accelerates, ESS will unlock increasingly significantly opportunities to enhance grid flexibility and reliability while supporting the integration of clean energy sources.
- ***Favorable Policies:*** The global ESS battery market is being propelled by the accelerating transition towards a low-carbon economy. Supportive regulatory frameworks and incentives worldwide, such as China’s “Dual Carbon” strategy and the EU’s “Green Deal” prioritizing large-scale storage integration, are fostering ESS deployment cross utility-scale, commercial and residential applications. These policies are expanding the global energy storage market, reinforcing lithium-ion’s dominance.

Development Trends of ESS Battery Market

- ***Elevating Safety Standards:*** The rapid advancement of ESS battery technology brings heightened focus on safety performance across global applications. As ESS adoption expands, international regulatory bodies and governments are intensifying efforts to implement stringent safety evaluation protocols for lithium-ion and emerging battery technologies. The resulting quality elevation is expected to reshape market dynamics, strengthen ESS deployment confidence across utility, commercial and residential sectors worldwide, supporting sustainable market growth. The convergence of improved safety standards and technological innovation positions ESS batteries for safer, more reliable integration into global energy infrastructure.
- ***Future Development of Large Capacity Cells:*** The ESS battery industry is witnessing a pronounced global shift towards cells with increased capacities, enhanced safety, and extended longevity. Energy storage solutions featuring high-capacity cells are gaining prominence due to their superior energy density, reduced pack assembly components, and enhanced integration efficiency. This evolution not only streamlines manufacturing and installation processes, but also significantly reduces logistics and on-site construction costs for large-scale energy storage projects.

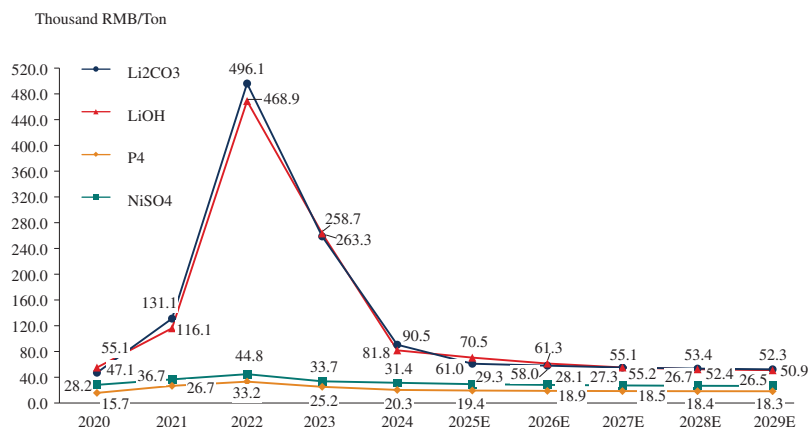
INDUSTRY OVERVIEW

- Expansion of Business Models:** The global energy storage market is under a transformative shift toward integrated solar-storage-charging solutions that optimize energy flows across generation, storage and consumption. These systems combine photovoltaic arrays with battery storage and EV charging infrastructure, enabling dynamic load management through peak shaving and valley filling strategies. By storing surplus solar energy and off-peak grid power, they efficiently support high-demand charging periods while alleviating grid congestion. As renewable penetration grows worldwide, such integrated models are driving innovation in storage technology and expanding commercial applications, fundamentally transforming energy market dynamics.

RAW MATERIAL PRICE ANALYSIS

The price fluctuations of raw materials have an impact on battery prices. From 2020 to 2022, raw material prices exhibited an overall upward trend, followed by a substantial decline in 2023 as supply and demand dynamics gradually stabilized. Specifically, the prices of critical lithium sources used in lithium batteries, such as lithium carbonate (Li_2CO_3) and lithium hydroxide (LiOH), along with yellow phosphorus (P_4), a phosphorus source for lithium iron phosphate batteries, and nickel sulfate (NiSO_4), a nickel source for NCM batteries, decreased from their respective peaks in 2022 — RMB496.1 thousand per ton, RMB468.9 thousand per ton, RMB33.2 thousand per ton, and RMB44.8 thousand per ton, respectively — to RMB90.5 thousand per ton, RMB81.8 thousand per ton, RMB20.3 thousand per ton, and RMB31.4 thousand per ton, respectively, by 2024. These prices are projected to continue declining, reaching RMB52.3 thousand per ton, RMB50.9 thousand per ton, RMB18.3 thousand per ton, and RMB26.5 thousand per ton, respectively, by 2029.

Average Price of Major Raw Materials of Lithium Battery, China, 2020-2029E



Source: Frost & Sullivan

INDUSTRY OVERVIEW

COMPETITIVE ANALYSIS

Competitive Landscape of Consumer Battery, Power Battery and ESS Battery Markets

Chinese manufacturers have already occupied a major share in the global consumer battery, power battery and ESS battery markets, and have especially dominated mainstream segments such as consumer batteries for smartphones, laptops, and wearables, leveraging cost efficiency and large-scale production capabilities. However, overseas players maintain competitive edges in high-performance or specialized niches, including advanced solid-state batteries and ultra-thin flexible batteries for premium devices.

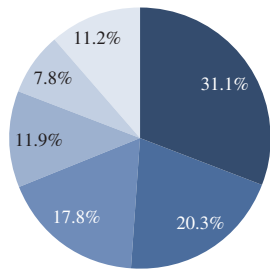
Ranking of Consumer Battery Manufacturers

In 2024, the total shipment of consumer battery manufacturers were 17.7 billion units, and the top 5 manufacturers in the global consumer battery market accounted for 61.9% of the market in 2024. With a consumer battery shipment volume of around 2.1 billion units in the global market in 2024, the Company ranked the 3rd among manufacturers of consumer battery in the globe, and ranked the 2nd among Chinese manufacturers of consumer battery, with a market share of 11.7%.

The total shipment of primary lithium battery manufacturers in the consumer sector were 1.9 billion units in 2024. Based on the shipment volume of primary lithium battery in the consumer sector in 2024, the Company was the largest primary lithium battery manufacturer in the consumer sector globally, with a market share of 31.1%.

INDUSTRY OVERVIEW

Ranking of Primary Lithium Battery Manufacturers in the Consumer Sector, (by shipment volume), Global, 2024



■ The Company ■ Company C
■ Company A ■ Company D
■ Company B ■ Others

Rank	Company Name	Shipment Volume (billion units)	Market Share
1	The Company	0.6	31.1%
2	Company A	0.4	20.3%
3	Company B	0.3	17.8%
4	Company C	0.2	11.9%
5	Company D	0.1	7.8%
	Others	0.2	11.2%
	Total	1.9	100.0%

Source: Frost & Sullivan

Notes:

Company A is a company headquartered in Japan and listed on the Tokyo Stock Exchange and the U.S. OTC Market, was established in 1918 and primarily offers consumer electronics, rechargeable batteries, automotive and avionics systems, and industrial equipment.

Company B is a company headquartered in Japan and listed on the Tokyo Stock Exchange and the U.S. OTC Market, was established in 1944 and primarily offers electronic components for consumer, automotive, and industrial applications.

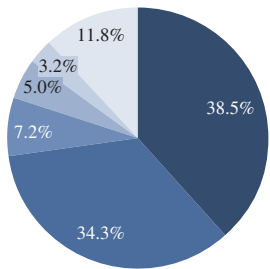
Company C is a company headquartered in China and listed on the Shenzhen Stock Exchange, was established in 2001 and primarily offers lithium-ion batteries for energy storage systems.

Company D is a company headquartered in China, was established in 1997 and primarily offers lithium-ion batteries for electric vehicles and energy storage system.

The total shipment of cylindrical battery manufacturers in the consumer sector were 3.2 billion units in 2024. Based on the shipment volume of cylindrical battery in the consumer sector in 2024, the Company ranked the 2nd among global manufacturers of cylindrical battery in the consumer sector, with a market share of 34.3%.

INDUSTRY OVERVIEW

Ranking of Cylindrical Battery Manufacturers in the Consumer Sector, (by shipment volume), Global, 2024



■ Company E ■ Company G
■ The Company ■ Company B
■ Company F ■ Others

Rank	Company Name	Shipment Volume (billion units)	Market Share
1	Company E	1.2	38.5%
2	The Company	1.1	34.3%
3	Company F	0.2	7.2%
4	Company G	0.2	5.0%
5	Company B	0.1	3.2%
	Others	0.4	11.8%
	Total	3.2	100.0%

Source: Frost & Sullivan

Notes:

Company E is a company headquartered in South Korea and listed on the Korean Stock Exchange, was established in 1970 and primarily offers rechargeable batteries for IT devices, electric vehicles, and energy storage systems, as well as electronic materials for displays and semiconductors.

Company F is a company headquartered in China and listed on the Shenzhen Stock Exchange, was established in 1997 and primarily offers consumer electronics batteries, power batteries and energy storage solutions.

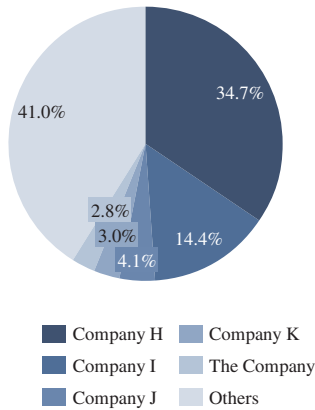
Company G is a company headquartered in South Korea and listed on the Korean Stock Exchange, was established in 2020 and primarily offers power batteries, small-size batteries and energy storage solutions.

Ranking of Power Battery Manufacturers

Power battery market is highly concentrated in the globe, with top 5 manufacturers accounting for 59.0% of total shipment volume in 2024. With the power battery shipment volume of 30.3 GWh in 2024, the Company ranked 5th among Chinese manufacturers of power battery in the globe, with a market share of 2.8%. In terms of 46-series large cylindrical battery shipment in 2024, the Company ranked the 2nd among global manufacturers of large cylindrical battery.

INDUSTRY OVERVIEW

Ranking of Chinese Power battery Manufacturers (by shipment volume), Global, 2024



Rank	Company Name	Shipment Volume (GWh)	Market Share
1	Company H	381.0	34.7%
2	Company I	157.4	14.4%
3	Company J	45.0	4.1%
4	Company K	32.8	3.0%
5	The Company	30.3	2.8%
	Others	449.9	41.0%
Total		1,096.4	100.0%

Source: Frost & Sullivan

Notes:

Company H is a company headquartered in China and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, was established in 2011 and primarily offers lithium-ion batteries and battery management systems for electronic vehicles and energy storage solutions.

Company I is a company headquartered in China and listed on the Shenzhen Stock Exchange and Hong Kong Stock Exchange, was established in 1995 and primarily offers electric and conventional automobiles, rechargeable batteries, and electronic components.

Company J is a company headquartered in China and listed on the Hong Kong Stock Exchange, was established in 2015 and primarily offers lithium-ion batteries and battery management systems for electronic vehicles and energy storage solutions.

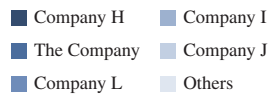
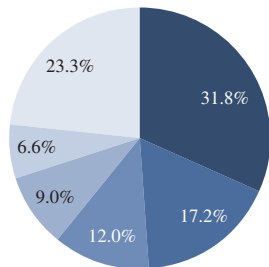
Company K is a company headquartered in China and listed on the Shenzhen Stock Exchange, was established in 1995 and primarily offers lithium-ion power batteries for new energy vehicles.

Ranking of ESS Battery Manufacturers

ESS battery market is highly concentrated in the globe, with the top 5 manufacturers accounting for 76.7% of total shipment volume in 2024. With an ESS battery shipment volume of 50.3 GWh in 2024, the Company ranked 2nd in the global market, with a market share of 17.2%. In terms of residential ESS battery shipment in 2024, the Company ranked the 1st among manufacturers in the globe.

INDUSTRY OVERVIEW

Ranking of ESS Battery Manufacturers (by shipment volume), Global, 2024



Rank	Company Name	Shipment Volume (GWh)	Market Share
1	Company H	93.0	31.8%
2	The Company	50.3	17.2%
3	Company L	35.1	12.0%
4	Company I	26.2	9.0%
5	Company J	19.4	6.6%
	Others	68.2	23.3%
	Total	292.2	100.0%

Source: Frost & Sullivan

Note:

Company L is a company headquartered in China, was established in 2019 and primarily offers advanced lithium-ion battery cells and integrated energy storage systems for utility, commercial, and residential applications.

Entry Barriers

- Customer and Supply Chain Barrier:** The battery industry presents formidable customer and supply chain barriers that reinforce market consolidation. Customer lock-in effects create high switching costs, as downstream clients prefer proven suppliers with long-term reliability records. Additionally, established players benefit from mature supply chains ensuring stable raw material access and production efficiency, while new entrants struggle with fragmented procurement and OEM partnerships.
- Technology Barrier:** The battery sector presents significant technological barriers, particularly in achieving optimal performance, ensuring safety, and maintaining cost efficiency. To compete effectively, new entrants must demonstrate advanced technical expertise and strong R&D capabilities. It is also challenging to obtain relevant certification and innovate continuously to remain competitive.
- Scale Barrier:** Economies of scale are expected to become increasingly apparent in the global battery industry. Established industry leaders leverage their massive production volumes to achieve significant cost reduction and enhanced competitiveness through large-scale production. The widening scale gap makes it increasingly challenging for newcomers to compete effectively in this capital-intensive industry.

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- **Brand Barrier:** Brand influence and market recognition are crucial for battery companies. Leading manufacturers have developed strong brand equity through proven product performance and long-term reliability, creating a competitive moat. New entrants face dual challenge of building brand recognition from scratch while competing against incumbents’ entrenched market positions.
- **Capital Barrier:** The battery industry requires massive investments across the entire value chain. Establishing manufacturing facilities demands substantial upfront costs for land, construction, and specialized equipment, while production ramp-up entails significant operational expenses. Moreover, maintaining competitiveness necessitates continuous heavy investment in R&D.

REGULATORY OVERVIEW

The principal PRC laws, regulations, normative documents and regulatory policies affecting our business operations are set out below:

LAWS AND REGULATIONS ON PRODUCTION SAFETY, ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION EXAMINATION

Production Safety

Pursuant to the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) (the “Work Safety Law”), which was most recently amended by the Standing Committee of the National People’s Congress of the People’s Republic of China (the “NPC Standing Committee”) on June 10, 2021 and became effective on September 1, 2021, all entities engaging in production and business operation activities within the territory of China must comply with the Work Safety Law and other relevant laws and regulations pertaining to work safety. Production and business operation entities shall strengthen their management of work safety, establish and improve the system of responsibility for work safety and the rules and regulations for work safety, improve the conditions for work safety, promote the work safety standardization construction, raise the safe production level, and ensure work safety. The major person-in-charge of the production and business operation entities shall take charge of the overall work of the work safety of the entity concerned. Violations of the Work Safety Law will result in penalties such as fines, suspension of production and business operations, or orders to suspend production or business, depending on the nature and extent of the violation. Criminal liability shall be pursued if a violation constitutes a crime.

Environmental Protection

Pursuant to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) (the Environmental Protection Law), which was most recently amended by the NPC Standing Committee on April 24, 2014 and came into effect on January 1, 2015, the environmental protection department of the State Council shall implement unified supervision and administration of the environmental protection work throughout the country. The environmental protection departments of the local people’s governments at or above the county level shall implement unified supervision and administration of the environmental protection work within areas under their administrative region. Installations for the prevention and control of pollution at a construction project shall be designed, built and put into use with the principal part of the project at the same time. Installations for the prevention and control of pollution shall comply with the requirements of the approved environmental impact assessment documents and shall not be dismantled or left idle without authorization.

Any entity that discharges or is about to discharge pollutants in business operation or other activities must take effective environmental protection measures to control and properly treat harmful substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in relevant activities. The State implements a pollutant discharge permit administration system in accordance with the law.

REGULATORY OVERVIEW

According to the Law of People’s Republic of China on Environmental Impact Appraisal (《中華人民共和國環境影響評價法》), which was promulgated by the NPC Standing Committee on December 29, 2018 and became effective on the same day, the Regulations on Environmental Protection Management for Construction Projects (《建設項目環境保護管理條例》) amended by the State Council on July 16, 2017 and effective from October 1, 2017, and the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection on 20 November 2017 and effective from the same day, the State applies a system of environmental impact assessment for construction projects. Before the commencement of a construction project, the construction entity shall submit an environmental impact statement or an environmental impact report form for approval, or file an environmental impact registration form for recordation in accordance with the provisions of the environmental protection administrative department of the State Council. In addition, upon completion of a construction project for which an environmental impact statement or environmental impact report form has been prepared, the construction entity shall conduct an acceptance inspection of the environmental protection facilities constructed as supporting components, and prepare an acceptance report in accordance with the standards and procedures prescribed by the environmental protection administrative department of the State Council. For construction projects constructed and put into production or use in phases, the corresponding environmental protection facilities shall be subject to acceptance inspection in phases. Environmental protection facilities constructed as supporting components of a construction project may only be put into production or use after passing acceptance inspection; those that have not undergone acceptance inspection or have failed to pass acceptance inspection shall not be put into production or be used.

Pursuant to the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) (the “Law of Solid Wastes”), most recently amended by the NPC Standing Committee on April 29, 2020 and effective from September 1, 2020, entities and individuals that generate, collect, store, transport, utilize, or treat solid wastes shall take measures to prevent or reduce the environmental pollution by solid wastes, and shall be held accountable in accordance with law for environmental pollution caused thereby. Specifically, solid wastes containing hazardous wastes shall be managed as hazardous wastes. In addition, the Law of Solid Wastes for the first time incorporates into the law the establishment of an extended producer responsibility system for products such as vehicle power batteries. The extended producer responsibility system requires producers of vehicle power battery products to establish a recycling system for used products that matches the sales volume of their products in accordance with the regulations, either by building it themselves or engaging a contractor, making important arrangements for the establishment of a recycling and disposal system for waste vehicle power batteries from the top-level design.

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Regarding the “Extended Producer Responsibility” system under the Law of Solid Wastes, the Interim Measures for the Administration of Recovery and Utilization of New Energy Vehicle Power Batteries (《新能源汽车动力电池回收利用管理暂行办法》), jointly promulgated by several national authorities including the Ministry of Industry and Information Technology, the Ministry of Science and Technology and the Ministry of Transport on January 26, 2018 and effective from the same date, stipulates that automobile manufacturers shall assume the primary responsibility for the recovery of power batteries. Power battery manufacturers are required to fulfill corresponding responsibilities in design, production, and other stages. For example, in the design stage, they should adopt standardized, universal, and easily disassemble product structures and use recycled materials as much as possible; in the production stage, they should collaborate with automobile manufacturers to assign codes to the power batteries they produce in accordance with national standards and promptly upload power battery codes and new energy vehicle-related information through the traceability information system.

According to the Water Pollution Prevention and Control Law of the People’s Republic of China (《中华人民共和国水污染防治法》), which was last amended on June 27, 2017 by the NPC Standing Committee and came into effect on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to waters, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage, must obtain the pollutant discharging permit. Furthermore, the building, renovation and enlargement of construction projects directly or indirectly discharging pollutants to waters and other water establishments shall be subject to environmental impact assessment according to law. The facilities for the prevention and control of water pollution in a construction project shall be designed, constructed and put into use with the principal part of the project at the same time.

According to the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中华人民共和国大气污染防治法》), which was last amended by the NPC Standing Committee on October 26, 2018 and took effect on the same day, the enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalogue published according to Article 78 of the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution, and keep the original monitoring records. The enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalogue, as well as other entities that implement administration of pollutant discharge permits in accordance with the law, shall obtain a pollutant discharging permit. In addition, the enterprises, institutions and other production and operation entities constructing projects that have an impact on the atmospheric environment shall carry out environmental impact assessment and make environmental impact assessment documents publicly in accordance with the law; the entities that emit pollutants into the atmosphere shall comply with the discharging standards for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

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According to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and effective from March 1, 2021, the enterprises, institutions and other production and operation entities that implement administration of pollutant discharge permits shall discharge pollutants in accordance with the Regulations on the Administration of Pollutant Discharge Permits, and shall not discharge pollutants without obtaining a pollutant discharging permit. Environmental protection authorities impose various administrative penalties, such as fines, order to make corrections, restriction or suspension of production for rectification, and order to cease operation, etc., on individuals or enterprises that violate the Environmental Protection Law.

Fire Safety

According to the Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》), which was last amended by the NPC Standing Committee on April 29, 2021 and took effect on the same day, the emergency management department of the State Council and the emergency management department under the local people’s governments at or above the county level shall supervise and administrate fire protection work. Fire protection design and construction in respect of construction projects must comply with national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) last amended by the Ministry of Housing and Urban-Rural Development on August 21, 2023 and effective from October 30, 2023, fire protection design review and acceptance shall be carried out for special construction projects. With respect to the construction projects other than special construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

Energy Conservation Examination

According to the Law of the People’s Republic of China on Energy Conservation (《中華人民共和國節約能源法》), which was last amended by the NPC Standing Committee on October 26, 2018 and came into effect on the same day, the State applies an energy conservation assessment and audit system to fixed-asset investment projects. If a project fails to meet the mandatory energy conservation standards, the construction developer shall not start construction; where construction of such a project has been completed, it shall not be put into production or to use. For government investment projects which do not meet the mandatory energy conservation standards, the authority responsible for examination and approval of projects as prescribed by law shall not give approval for its construction. The specific measures in this regard shall be formulated by the department in charge of energy conservation under the State Council in conjunction with the relevant departments under the same.

REGULATORY OVERVIEW

According to the Measures for the Energy Conservation Review of Fixed-Asset Investment Projects (《固定資產投資項目節能審查辦法》) amended by the NDRC on March 28, 2023 and effective from June 1, 2023, the review opinions on energy conservation of a fixed-asset investment project are an important basis for the commencement of construction, acceptance upon completion as well as operation and management of such project. For a government investment project, the construction entities shall, before submitting the project feasibility study report, obtain the energy conservation examination opinion issued by the energy conservation review authority. For an enterprise investment project, the construction entities shall, before commencing construction, obtain the energy conservation examination opinion issued by the energy conservation examination authority. The construction entities shall not commence the construction of a project which fails to undergo the energy conservation examination or fails to pass the energy conservation examination, and if the project has been completed, it shall not be put into production or use.

Laws and Regulations on Product Quality

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), where a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. Where a defect is caused by the manufacturer, the seller who has paid compensation has the right to indemnification against the manufacturer. Where a defect is caused by the fault of the seller, the manufacturer who has paid compensation has the right to indemnification against the seller.

According to the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) (the “Law on the Protection of Consumer Rights and Interests”), most recently amended by the NPC Standing Committee on October 25, 2013, business operators must ensure that goods sold meet the requirements of personal and property safety, provide consumers with truthful product information, and guarantee the quality, functionality, intended use, and expiration date of the goods. Business operators who violate the Law on the Protection of Consumer Rights and Interests shall bear civil liabilities such as refunding the purchase price, replacing or repairing goods, mitigating damages, providing compensation, and restoring reputation. If a business operator infringes upon the legitimate rights and interests of consumers and such infringement constitutes a crime, the business operator or responsible person shall be subject to criminal punishment.

The Implementing Rules for the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法實施條例》), promulgated by the State Council on March 15, 2024, further elaborate and supplement the obligations of business operators, improve relevant regulations on online consumption, strengthen the obligations of business operators in prepaid consumption, and standardize consumer claim behavior.

REGULATORY OVERVIEW

Pursuant to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), which was last amended by the NPC Standing Committee on December 29, 2018 and came into effect on the same day, the market supervision and administration department of the State Council is in charge of the nationwide supervision of product quality, and a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products shall not present unreasonable risks threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the infringed party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease production or sale of the products and could be subject to confiscation of the products and/or fines; earnings from sales in contravention of such standards or requirements, if any, may also be confiscated, and in severe cases, the offender’s business license may be revoked.

Laws and Regulations on Import and Export of Goods

According to the Customs Law of the People’s Republic of China (《中華人民共和國海關法》), which was last amended by the NPC Standing Committee on April 29, 2021 and came into effect on the same day, the Customs shall be the state organ responsible for supervision and control over everything entry into and exit from the customs territory. The Customs shall, in accordance with relevant laws and administrative regulations, exercise supervision and control over the means of transport, goods, travellers’ luggage, postal items and other articles entering or leaving the territory, collect customs duties and other taxes and fees, uncover and suppress smuggling, work out customs statistics and handle other customs operations. Customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises as recorded with the Customs. The consignees or consignors of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Law of the People’s Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》), which last amended by the NPC Standing Committee on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Law of the People’s Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》), which last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of the People’s Republic of China (the “General Administration of Customs”) is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalogue and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No imported commodity subject to statutory inspection that has not been inspected could be sold or used. No exported commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. The consignees or consignors of imported and exported commodities may complete the inspection procedures themselves, or engage an agent to do this.

REGULATORY OVERVIEW

According to the Provisions of the People’s Republic of China on Administration of Recordation of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and effective from January 1, 2022, customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises as recorded with the Customs pursuant to these Provisions. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business operator.

According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》), which was issued by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for recordation shall obtain the qualification of market entities and is not required to be filed as a foreign trade business operator.

According to the Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》) last amended by the NPC Standing Committee on December 30, 2022, the department of foreign trade under the State Council is in charge of foreign trade throughout the country. In addition, the amendment made on December 30, 2022, to this regulation deleted the provisions on the record-filing for foreign trade operators.

LAWS AND REGULATIONS ON LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Law and Labor Contract Law

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), which was last amended by the NPC Standing Committee on December 29, 2018 and came into effect on the same day, the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), which was last amended by the NPC Standing Committee on 28 December 2012 and came into effect on July 1, 2013, and the Implementation Regulations of the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and effective from the same day, labor contracts shall be executed in writing if labor relationships are to be established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and must pay employees for overtime work in accordance with national regulations. In addition, employee wages shall not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

REGULATORY OVERVIEW

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), last amended by the NPC Standing Committee on December 29, 2018, enterprises and institutions are required to establish and improve workplace safety and health systems, strictly adhere to relevant national regulations and standards on workplace safety and health, and provide workplace safety and health education to employees. Workplace safety and health facilities must comply with national standards. Enterprises and institutions must provide employees with safe workplaces and hygienic conditions that meet national standards and relevant labor protection regulations.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》), which was last amended by the NPC Standing Committee on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was last amended by the State Council on March 24, 2019 and came into effect on the same day, and other relevant laws and regulations, employers in China are required to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund.

In addition, any employer that fails to make contributions to above-mentioned social insurance and housing provident fund as required may be ordered to pay the required contributions within a prescribed time limit. If the employer still fails to make the relevant contributions within the prescribed time, a fine may be imposed, and for the overdue contribution, an application may be made for compulsory enforcement by to the people’s court.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), which was last amended by the NPC Standing Committee on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Regulations of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and effective from January 20, 2024, patents are divided into 3 categories, i.e., invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

REGULATORY OVERVIEW

Trademark

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), which was last amended by the NPC Standing Committee on April 23, 2019 and came into effect on November 1 2019, and the Regulations for the Implementation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and effective from May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. The registration of a trademark shall be valid for 10 years from the date of approval. If there is a continued need for the use of the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. Each renewal of registration of a trademark shall be valid for 10 years from the date after the expiry of the previous trademark registration.

Copyright

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), which was last amended by the NPC Standing Committee on 11 November 2020 and came into effect on June 1, 2021, and the Regulations for the Implementation of the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》) last amended by the State Council on January 30, 2013, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction. The term of protection of the right of publication in respect of a work of a legal person or unincorporated organization or a work created in the course of employment where the legal person or unincorporated organization enjoys the copyright (except the right of authorship) shall be fifty years, expiring on 31 December of the fiftieth year after the completion of its creation.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and effective from March 1, 2013, the National Copyright Administration shall be in charge of the administration of the registration of software copyright of the whole country, and the Copyright Protection Center of China is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to the Measures for the Registration of Computer Software Copyright and the Regulations on the Protection of Computer Software. Software copyright shall arise on the date of completion of the software development. The term of protection of software copyright of legal persons or other organizations shall be 50 years, expiring on 31 December of the 50th year after the first publication of the software.

REGULATORY OVERVIEW

Domain Names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology on August 24, 2017 and effective from 1 November 2017, registrations of domain names are handled through domain name service agencies established according to the relevant regulations, and the applicants shall become domain name holders upon successful registration.

LAWS AND REGULATIONS ON TAXES

Enterprise Income Tax

The Law of the People’s Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》)(hereinafter referred to as the Enterprise Income Tax Law) last amended by the NPC Standing Committee on December 29, 2018 and the Rules for the Implementation of the Law of the People’s Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) last amended by the State Council on 6 December 2024 are the principal laws and regulations governing the enterprise income tax in China. According to the Enterprise Income Tax Law and its implementation rules, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is established in China in accordance with the law, or that is established in accordance with the law of a foreign country (region) but whose actual administration institution is in China. A non-resident enterprise refers to an enterprise established in accordance with the law of a foreign country (region), whose actual administration institution is outside China but which has institutions or establishments in China or which does not have any institutions or establishments in China but has incomes sourced in China. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or establishments in China to the extent that such incomes are derived from China, or such incomes are obtained outside China but have an actual connection with the set-up institutions or establishments. The enterprise income tax on important high-tech and new-tech enterprises that are necessary to be supported by the State shall be levied at the reduced tax rate of 15%. According to the Measures for the Administration of the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) most recently revised by the Ministry of Science and Technology, the Ministry of Finance, and the State Taxation Administration of the People’s Republic of China on January 29, 2016, the high-tech enterprise certificate is valid for three years. For a non-resident enterprise having no institutions or establishment in China, or for a non-resident enterprise whose incomes have no actual connection to its institution or establishment in China, it shall pay enterprise income tax at the rate of 10% in relation to its income derived from China.

REGULATORY OVERVIEW

Value-added Tax (VAT)

Pursuant to the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) last amended by the State Council on 19 November 2017 and effective from the same day, and the Detailed Rules for the Implementation of the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) last amended by the Ministry of Finance on October 28, 2011 and effective from 1 November 2011, all entities and individuals engaging in sale of goods or provision of processing, repair and maintenance services or importation of goods in China are subject to VAT. Unless otherwise specified in the above mentioned regulations, the VAT rate is generally 17% in respect of the sale or importation of goods by taxpayers.

Pursuant to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and effective from May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. Pursuant to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) (Announcement 2019 No. 39 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs), which was promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

The NPC Standing Committee promulgated the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》) on December 25, 2024, which shall come into force on January 1, 2026. Simultaneously, the Interim Regulations of the People’s Republic of China on Value-added Tax shall be repealed.

Dividend Distribution

The primary laws and regulations in China governing dividend distribution by foreign-invested enterprises are the Company Law of the People’s Republic of China (《中華人民共和國公司法》), most recently amended by the NPC Standing Committee on December 29, 2023, and the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》), promulgated by the National People’s Congress on March 15, 2019, along with its implementation rules. According to these regulations, foreign-invested enterprises may only distribute dividends out of accumulated profits (if any) as determined by Chinese Accounting Standards and Rules. When distributing each year’s after-tax profits, a company shall allocate 10% of its after-tax profits to the company’s statutory common reserve fund. When the aggregate balance in the statutory common reserve fund is 50% or more of the registered capital of the company, the company need not make any further allocation to that fund. When the company’s statutory common reserve fund is not sufficient to make up for the losses of the previous year, current year profits shall be used to make up for the losses before allocations are made for the statutory common reserve fund in accordance with the previous paragraph.

REGULATORY OVERVIEW

Pursuant to the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) and the Rules for the Implementation of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》), most recently revised on August 31, 2018 and December 18, 2018, respectively, dividends distributed by PRC enterprises are subject to individual income tax at a uniform rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

According to the Enterprise Income Tax Law (《企業所得稅法》) and the Rules for the Implementation of the Law of the People’s Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》), an enterprise income tax rate of 10% will normally be applicable to dividends distributed to non-resident enterprises which do not have an institution or establishment in China or whose incomes have no actual connection to its institution or establishment in China, unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT, OVERSEAS INVESTMENT AND FOREIGN EXCHANGE SUPERVISION

Company Law

The Company Law (《公司法》), which was last amended by the NPC Standing Committee on December 29, 2023 and came into effect on July 1, 2024, provides that companies established in China may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The Company Law also applies to foreign-invested companies.

REGULATORY OVERVIEW

Foreign Investment

According to the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019 and the Regulations for the Implementation of the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on 26 December 2019, both of which came into effect on January 1, 2020, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment; for any field restricted by the negative list, foreign investors shall conform to the investment conditions as required; foreign investment in fields not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly. Meanwhile, the competent government departments shall, according to the requirements of national economy and social development, formulate a catalogue of industries encouraging foreign investment, stipulating the specific industries, fields and areas in which foreign investors are encouraged and guided to invest.

The existing industry access regulations governing foreign investors’ investment activities within the PRC are set out in two catalogs: the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) jointly issued by the NDRC and the Ministry of Commerce on September 6, 2024 and effective from 1 November 2024; and the Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) jointly issued by the NDRC and Ministry of Commerce on October 26, 2022, and effective from January 1, 2023. These two catalogs further categorize foreign-invested industries into three types: “encouraged”, “restricted”, and “prohibited”. Industries not listed under these three categories are generally considered to fall under the fourth category, namely, industries “permitted” for foreign investment, unless specifically restricted by other laws and regulations within the PRC. According to the Catalogue of Industries for Encouraged Foreign Investment (2022 Edition), the production of consumer batteries, power batteries and ESS batteries involved in our businesses are classified as industries for encouraged foreign investment.

Overseas Investment

According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the Ministry of Commerce on September 6, 2014, and effective from October 6, 2014, the Ministry of Commerce and the competent commerce departments at the provincial level respectively implement filing and approval management based on the different circumstances of enterprises’ overseas investment. Overseas investments by enterprises involving sensitive countries and regions, or sensitive industries shall be subject to approval management; overseas investments in other circumstances shall be subject to filing management.

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According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017, and effective from March 1, 2018, domestic enterprises (the “investors”) engaging in overseas investment shall undergo approval, filing, and other procedures for overseas investment projects (the “projects”), report relevant information, and cooperate in supervision and inspection. The scope of projects subject to approval management includes sensitive projects directly conducted by the investors or conducted through the overseas enterprises controlled by them, specifically including projects involving sensitive countries and regions, or sensitive industries. The scope of projects subject to filing management includes non-sensitive projects directly conducted by the investors, that is, non-sensitive projects involving the investors’ direct investment of assets, equity, or provision of financing or guarantees.

On January 31, 2018, the NDRC promulgated the Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), which lists the specific sensitive industries in detail.

Foreign Exchange Regulations

According to the Regulations of the People’s Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) promulgated by the State Council on August 5, 2008, and effective from the same date, foreign currency circulation is prohibited within the PRC and foreign currency shall not be used for pricing and settlement, unless otherwise stipulated by laws and regulations. Foreign exchange is categorized into foreign exchange under current accounts and foreign exchange under capital accounts. There are no restrictions on international payments in foreign currency and foreign currency transfers under the current accounts, such as dividend or interest payments. Transactions involving goods, services, income, and current transfers in the balance of payments shall be classified as current account transactions, and their foreign exchange expenditures shall be paid by an institution with its self-owned foreign exchange upon valid documents or with the foreign exchange purchased from any financial institution operating the foreign exchange settlement or sale business in accordance with the administrative provisions of the foreign exchange administrative department of the State Council on the payment and purchase of foreign exchange. A domestic institution or individual that makes direct investment or issues or trades negotiable securities or derivative products overseas shall handle the registration formalities at the foreign exchange administrative department of the State Council.

Pursuant to the Notice on Issues Concerning the Administration of Foreign Exchange in Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the State Administration of Foreign Exchange (SAFE) on December 26, 2014 and effective from the same date, a domestic company shall, within 15 working days from the date of the end of its overseas listing and issuance, register the overseas listing with the administration of foreign exchange at the place of its establishment. The proceeds from the overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the relevant content included in the prospectus document and other disclosure documents.

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In February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), part of which was abolished in December 2019. It stipulates that banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under overseas direct investment, and the SAFE and its branches shall exercise indirect supervision over foreign exchange registration and examination of overseas direct investment through banks.

Pursuant to the Circular of the SAFE on the Policies for Reforming and Standardizing Management of Foreign Exchange Settlement under the Capital Account (Hui Fa [2016] No. 16) (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE on June 9, 2016 and partially amended on December 4, 2023, the policy for discretionary settlement of foreign exchange shall apply to the foreign exchange receipts of domestic institutions under the capital account, that is, if foreign exchange receipts under the capital account including foreign exchange capital, external debt and funds recovered from overseas listing could be for discretionary settlement according to relevant policies, settlement can be handled with a bank based on the real operation needs of domestic institutions. The proportion of discretionary settlement of foreign exchange receipts of domestic institutions under the capital account is temporarily 100% at present. However, the SAFE may adjust the aforesaid proportion in due time based on the BOP situations. During the course of implementing the discretionary settlement of foreign exchange receipts under the capital account, the domestic institutions can still choose the existing procedures for settlement upon payment for the use of foreign exchange receipts. However, for each foreign exchange settlement for domestic institutions, based on the principle of foreign exchange settlement upon payment, banks shall examine the authenticity and compliance in the use of the funds for prior transaction of foreign exchange settlement. A domestic institution's foreign exchange receipts under the capital account and RMB funds gained from foreign exchange settlement could be used as expenses under the current account within its business scope as well as legitimate expenses under the capital account, but shall not be used as the expenses beyond the business scope of the enterprise or the expenses prohibited by national laws and regulations.

According to the Circular on Optimizing Foreign Exchange Administration to Support Foreign-related Business Growth (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, while ensuring funds are used for true businesses and in compliance with regulations and the existing management provisions on use of receipts under the capital account, eligible companies will be allowed to use receipts under the capital account such as foreign exchange capital, external debts and funds raised through overseas listing for domestic payments, without submitting authentication materials to banks beforehand on a transaction-by-transaction basis. The administering banks shall perform ex-post sampling according to relevant requirements.

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LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

According to the Law Against Unfair Competition of the People’s Republic of China (《中華人民共和國反不正當競爭法》) (the “Law Against Unfair Competition”), which was most recently amended by the NPC Standing Committee on April 23, 2019, and became effective on the same date, operators shall abide by the principles of voluntary participation, equality, fairness, and good faith in market transactions and comply with laws and business ethics. Unfair competition behaviors as defined in the Law Against Unfair Competition refer to behaviors in the course of business operations by operators which violate the provisions of the Law Against Unfair Competition, disrupt the order of market competition, and harm the legitimate rights and interests of other operators or consumers. The supervisory and inspection departments have the right to investigate suspected unfair competition behaviors and may take measures such as inspection, questioning, inquiring and copying materials, and sealing and seizing property. Operators who violate the provisions of the Law Against Unfair Competition shall bear civil liability, administrative liability, and criminal liability according to the specific circumstances.

Anti-monopoly Laws and Regulations

According to the Anti-Monopoly Law of the People’s Republic of China (《中華人民共和國反壟斷法》) (the “Anti-Monopoly Law”), which was most recently revised on June 24, 2022, and became effective on August 1, 2022, the Anti-Monopoly Law applies to monopoly behaviors in economic activities within the territory of the PRC, as well as monopoly behaviors outside the territory of the PRC that have an exclusionary or restrictive impact on market competition within the territory of the PRC. Monopoly behaviors stipulated in the Anti-Monopoly Law include business operators’ entry into monopoly agreements, business operators’ abuse of their dominant market position, and concentration of business operators that has or may have the effect of eliminating or restricting market competition. The institution authorized by the State Council to undertake anti-monopoly law enforcement responsibilities shall be responsible for anti-monopoly law enforcement work in accordance with the provisions of the Anti-Monopoly Law. The anti-monopoly law enforcement authority of the State Council may, according to work needs, authorize the corresponding authorities of the people’s governments of provinces, autonomous regions, and municipalities directly under the Central Government to be responsible for relevant anti-monopoly law enforcement work. Business operators who violate the provisions of the Anti-Monopoly Law may be fined, have illegal gains confiscated, and be ordered to cease the illegal behavior by the anti-monopoly law enforcement authority.

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Regulations Relating to the Overseas Issuance of Securities and Listing by Domestic Enterprises

The Securities Law (《證券法》), which was latest amended by the NPC Standing Committee on December 28, 2019, and came into effect on March 1, 2020, provides comprehensive regulation of activities in the domestic securities market of the PRC, including securities issuance and trading, acquisitions by listed companies, stock exchanges and securities firms, and the responsibilities of securities regulatory authorities. The Securities Law further specifies that domestic enterprises within the PRC that directly or indirectly issue securities abroad or list securities overseas shall comply with relevant regulations issued by the State Council; the specific measures for subscription and trading of shares of a domestic company in the PRC in foreign currency shall be separately stipulated by the State Council. The China Securities Regulatory Commission (CSRC) is a securities supervision and regulation authority established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the lawful operation of the market. Currently, the issuance and trading of H shares are primarily governed by regulations and rules issued by the State Council and the CSRC.

On February 17, 2023, the CSRC issued several regulations concerning the filing management for overseas issuance and listing of domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (collectively referred to as the “Overseas Listing Regulations”). According to the Overseas Listing Regulations, the domestic companies in the PRC seeking to issue and list securities in overseas markets directly or indirectly shall submit the required documents to the CSRC within three working days after submitting their overseas listing application.

According to the Overseas Listing Regulations, overseas issuance and listing are prohibited in the following circumstances: (i) the listing and financing of such securities are explicitly prohibited by laws, administrative regulations, and relevant state regulations; (ii) after review and approval by the relevant competent authorities under the State Council, the proposed overseas securities issuance and listing may endanger national security; (iii) the domestic company planning to issue and list securities or its controlling shareholders or de facto controllers have committed crimes such as corruption, bribery, misappropriation of property, embezzlement, or behaviors that undermine the order of the socialist market economy; (iv) the domestic company planning to issue and list securities is suspected of criminal conduct or major violations of laws and regulations, and is currently under investigation according to law but the case has not been concluded; or (v) there are significant ownership disputes over the equity held by the controlling shareholders of the domestic company, or the equity held by other shareholders controlled by the controlling shareholders and/or the de facto controllers.

Furthermore, according to the Overseas Listing Regulations, an issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following events subsequent to the issuance and listing of securities in an overseas market: (i) a change in control; (ii) adoption of measures such as investigation and penalty against the

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issuer by overseas securities regulatory authorities or relevant competent authorities; (iii) a change in listing status or listing board; and (iv) voluntary delisting or compulsory delisting. Domestic companies undertaking overseas issuance and listing shall strictly comply with relevant laws, administrative regulations, and relevant provisions on foreign investment, cybersecurity, data security, and other national security, and shall earnestly fulfill their obligations to safeguard national security.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly promulgated by the CSRC and other departments on February 24, 2023 and effective from March 31, 2023, a domestic company that seeks to issue and list its securities in an overseas market, and the securities companies and securities service providers that undertake relevant services for it, shall strictly abide by applicable laws and regulations of the PRC and the Provisions, enhance legal awareness of keeping state secrets and strengthening archives administration, establish a sound confidentiality and archives administration system, and take necessary measures to fulfill confidentiality and archives administration obligations. They shall not divulge any state secret or work secrets of state organs, or harm national and public interest. A domestic company that plans to, either directly or through its overseas listed entity, provide or publicly disclose to relevant entities or individuals including securities companies, securities service providers and overseas regulatory authorities, documents and materials that contain state secrets or work secrets of state organs, shall obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level.

REGULATIONS RELATING TO INFORMATION SECURITY AND DATA PRIVACY

Cybersecurity

According to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) promulgated by the NPC Standing Committee and effective from June 1, 2017, network operators engaging in business activities and providing services shall comply with laws and regulations and fulfill their obligations to protect cybersecurity. Network operators providing services via the Internet shall, in accordance with laws, regulations, and mandatory requirements of national standards, adopt technical measures and other necessary measures to ensure the safe and stable operation of networks, effectively respond to cybersecurity incidents, prevent online illegal and criminal activities, and maintain the integrity, confidentiality, and availability of network data. Moreover, network operators shall not collect personal information unrelated to the services they provide, or collect or use personal information in violation of laws or agreements between the parties.

According to the Measures for Cybersecurity Review (《網絡安全審查辦法》) promulgated by the Cyberspace Administration of China and effective from February 15, 2022, critical information infrastructure operators who purchase network products and services and network platform operators who carry out data processing activities shall receive cybersecurity review of the Cybersecurity Review Office if national security is or may be affected.

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Furthermore, network platform operators possessing the personal information of more than 1 million users shall declare a cybersecurity review to the Cybersecurity Review Office before listing abroad. Relevant regulatory authorities may proactively initiate a cybersecurity review if they believe that a company has network products and services or data processing activities that affect or may affect national security.

Data Security

The Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) promulgated by the NPC Standing Committee and effective from September 1, 2021 specifies the basic data security management systems, including the establishment of a data classification and grading management system, a risk assessment system, a monitoring and early warning system, and an emergency response system. Furthermore, the law clarifies the data security protection obligations of organizations and individuals carrying out data activities and fulfilling data security protection responsibilities.

The Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》) promulgated by the State Council and effective from January 1, 2025 stipulates that if network data processors engage in network data processing activities that affect or may affect national security, they shall undergo a national security review in accordance with relevant state regulations. In addition, the Regulations on the Administration of Network Data Security also specify other requirements for data processing activities conducted by network data processors from aspects such as personal data protection, important data security, cross-border data security management, and the obligations of network platform service providers.

The Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) promulgated by the Cyberspace Administration of China and effective from March 22, 2024 redefine the subjects and circumstances that require data export security assessments, the conclusion of standard contracts, and the passing of protection certifications. The Provisions also propose conditions for data export activities that are exempt from declaring security assessments, concluding standard contracts, and passing protection certifications, establish “special zones” for data export, and establish a negative list system for free trade zones to promote the lawful, orderly, and free flow of data.

Personal Information Protection

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), a natural person’s personal information is protected by law. Any organization or individual that needs to access other’s personal information may only do so in accordance with law and guarantee the safety of such information, and may not illegally collect, use, process, or transmit other’s personal information, or illegally trade, provide, or publicize such information.

REGULATORY OVERVIEW

The Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) promulgated by the NPC Standing Committee and effective from 1 November 2021 establishes a comprehensive framework of rules for the processing of personal information, including rules that personal information processing shall be for a clear and reasonable purpose, sensitive information processing shall receive additional protection, the external provision and entrusted processing of personal information require the signing of specific agreements to ensure security, the storage, deletion, public disclosure, and automation of decision-making involving personal information shall comply with special rules, and personal information processors shall have appropriate organizational, institutional, and technical measures in place for security.

The Measures for the Administration of Personal Information Protection Compliance Audits (《個人信息保護合規審計管理辦法》) promulgated by the Cyberspace Administration of China and effective from May 1, 2025, stipulate that personal information processors handling the personal information of more than 10 million individuals shall conduct a personal information protection compliance audit at least once every two years. Personal information processors handling the personal information of over 1 million individuals shall appoint a person responsible for personal information protection, to conduct the personal information protection compliance audit for personal information processors.

LAWS AND REGULATIONS RELATING TO REAL ESTATE MANAGEMENT

Land

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》), which was last amended by the NPC Standing Committee on August 26, 2019, and the Regulation on the Implementation of the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法實施條例》), which was last amended by the State Council on July 2, 2021, the land in the PRC is owned by the state or collectives. Except for land explicitly designated by law to be owned by the state or land that has been lawfully requisitioned for state ownership, all other land is owned by the collectives. The right to use state-owned land may be granted to third parties through methods such as transfer, allocation, leasing, or investment-sharing. The third party who acquires the right to use state-owned land may lawfully use, benefit from, and dispose of the right to use the state-owned land within the legally stipulated usage period and according to the planned purposes.

According to the e Provisional Regulations of the People’s Republic of China on Grant and Transfer of the Land Use Rights of State-owned Urban Land (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) recently amended by the State Council on 29 November 2020, the transfer of land use rights refers to the act where the state, as the landowner, grants land use rights to the land user for a certain period, and the land user pays the transfer fee for the land use rights to the state. A transfer contract shall be signed for the transfer of land use rights. Land users shall develop, utilize, and operate the land in accordance with the provisions of the contract on the transfer of the land use rights and the urban planning requirements. If

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the land is not developed or utilized according to the period and conditions specified in the contract, the land management department of the people’s government in the city or county shall make corrections and may, depending on the circumstances, issue warnings, impose fines, or even revoke the land use rights without compensation. If the land user needs to change the use of the land stipulated in the contract on the transfer of the land use rights, he/she shall obtain the consent of the transferor and seek approval from the land management department and urban planning department, sign a new contract on the transfer of the land use rights, adjust the transfer fee for the land use rights, and complete the registration.

Urban and Rural Planning

According to the Urban and Rural Planning Law of the People’s Republic of China (《中華人民共和國城鄉規劃法》) which was last amended by the NPC Standing Committee on April 23, 2019, in construction of buildings, structures, roads, pipelines, or other engineering projects within a city or town planning area, the construction entity or individual shall apply for a construction project planning permit from the competent department for urban and rural planning under the people’s government of a city or county or the people’s government of a town as determined by the people’s government of a province, an autonomous region, or a municipality directly under the Central Government.

Project Construction

According to the Construction Law of the People’s Republic of China (《中華人民共和國建築法》) which was last amended by the NPC Standing Committee on April 23, 2019, before commencement of a construction project, the construction entity shall apply for a construction permit from the construction administrative department under the people’s government at or above the county level at the location of the project in accordance with relevant national regulations, except for small projects below the threshold set by the construction administrative department under the State Council. A construction project can only be put into use after passing the completion and acceptance inspection; projects that have not been inspected or have failed acceptance shall not be delivered for use.

Laws and Regulations Relating to Property Leasing

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), the owner of movable or immovable property is entitled to possess, use, benefit from, and dispose of such movable or immovable property in accordance with law. With the lessor’s consent, the lessee may sublease the leased property to a third party. If the lessee subleases the property, the lease contract between the lessee and the lessor shall remain effective. If the lessee subleases the property without the lessor’s consent, the lessor has the right to terminate the lease.

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Furthermore, if the ownership of the leased property changes while the lessee is in possession under the lease contract, it shall not affect the validity of the lease contract. If a third party asserts a claim that prevents the lessee from using or benefiting from the leased property, the lessee may request a reduction in rent or no payment of rent. If the issuer is unable to continue using the leased property due to a claim by a third party, it can claim a reduction or no payment of rent from the lessor to reduce financial losses.

According to the Civil Code of the People’s Republic of China, failure to complete registration and filing procedures does not affect the validity of the lease contract. According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010, within 30 days after signing a property lease contract, the lessor and the lessee shall complete the procedures for property lease registration and filing with the competent authority for construction (real estate) at the city or county level at the location of the leased property. If the company fails to act in the aforementioned manner, it may be ordered to rectify within a specified period; if the company fails to rectify, a fine between RMB1,000 and RMB10,000 may be imposed.

According to the Interpretation of the Supreme People’s Court on Several Issues Concerning the Specific Application of Law in the Trial of Urban House Lease Contract Dispute Cases (2020 Revision) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which came into effect on January 1, 2021, if the ownership of the leased property changes while the lessee is in possession pursuant to the terms of the lease contract and the lessee requests the transferee to continue performing the original lease contract, the PRC courts shall support such a request, unless a mortgage has been established on the leased property before the lease and the ownership change occurs due to the enforcement of the mortgage rights by the mortgagee.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The Group’s history traces back to December 2001, when the Company was established as a limited liability company under the laws of the PRC with the name of Huizhou Jinda Electronics Co., Ltd. (惠州晉達電子有限公司). Through 24 years of high-quality development, we have achieved internationally leading positions in the three core business segments of consumer batteries, power batteries and ESS batteries and built a comprehensive R&D platform encompassing materials, cells, BMS and systems. Our products are widely used in smart living, green transportation and energy transition. As of the Latest Practicable Date, building upon our “Global Manufacturing, Global Collaboration, and Global Services” capability framework, we have established eight manufacturing bases and have two manufacturing bases under construction worldwide, with sales offices and branches in seven countries and regions and after-sales service network covering 18 countries and regions.

Since October 2009, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code of 300014. For details, see “Corporate Development and Major Shareholding Changes” below. As of the Latest Practicable Date, our total issued share capital was RMB2,045,721,497, comprising 2,045,721,497 A Shares, of which approximately 39.85% was controlled by our Controlling Shareholders, namely EVE Holdings, Dr. Liu and Ms. Luo.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group’s key corporate and business development milestones:

Year	Event
2001	Our Company was established in the PRC.
2003	We started our primary lithium battery business.
2007	Our Company was converted into a joint stock company with limited liability.
2009	Our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange.
2010 and 2011	We started our small lithium-ion battery business.
	We were granted approval from the Ministry of Human Resources to establish a “Postdoctoral Research Workstation”.
2012	We completed the construction of the lithium-ion battery production base in Zhongkai.
2013	We were awarded as the “National and Local Joint Engineering Research Center for Key Technologies and Materials of Lithium Battery”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2015	We started our power battery business. We established a new energy research institute. We developed our cylindrical NCM batteries.
2016	We launched our high-performance lithium-ion power battery project. Phases I and II of Jingmen power and ESS battery production was put into production, and the construction of Phases III and IV commenced.
2017	We officially established the EVE Energy Research Institute and SPC division. We were approved as a “National Enterprise Technology Center”.
2018	We were awarded as a “National Green Factory”.
2019	We commenced mass production of bean cells, and launched bean cells for overseas mainstream true wireless stereo headset application.
2020	The production line for 6 GWh pouch NCM batteries in Zhongkai was put into production.
2021	The expanded cylindrical production line of the Jingmen production base was put into production.
2022	The fourth generation of the automated lithium battery production line was put into production. We launched the first system equipped with self-developed 46-series large cylindrical nickel, cobalt and manganese cells. We signed a contract to construct a power battery manufacturing plant in Debrecen.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2023	We launched the LF560k lithium iron phosphate cell. The new energy vessels utilizing our batteries were launched, being the first new energy vessels equipped with “oil-to-electric” technology in the PRC. We launched 21700 58E battery and ultra long range 46 series battery packs optimized for LEV applications.
2024	We commenced Phase I production at the “60 GWh Gigafactory”.

OUR MAJOR SUBSIDIARIES

The following table sets for the detailed information of the Major Subsidiaries as of the Latest Practicable Date:

Name of subsidiary	Date of establishment and commencement of business	Equity interest attributable to our Group	Registered capital	Principal activities
EVE Power Co., Ltd. (湖北億緯動力有限公司) . .	July 4, 2012	100%	RMB1,303,261,096	Power and ESS batteries related business
Jingmen EVE Innovation Energy Co., Ltd. (荊門億緯創能鋰電池有限公司)	September 29, 2017	100%	RMB2,022,756,797	Consumer batteries related business
EVE Asia Co., Limited (億緯亞洲有限公司) . .	January 4, 2013	100%	US\$409,500,000	International trading
EVE Energy Storage Company Limited (武漢億緯儲能有限公司) . .	May 10, 2018	100%	RMB81,774,300	ESS batteries related business
Huizhou EVE Power Co., Ltd (惠州億緯動力電池有限公司)	February 5, 2021	100%	US\$235,234,212	Power batteries related business
Huizhou EVE United Energy Co., Ltd. (惠州億緯集能有限公司) . . .	June 20, 2018	51% ⁽¹⁾	RMB4,153,556,863	Power batteries related business
EVE Battery Investment Ltd.	August 13, 2019	100%	US\$10	Investment holdings

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of subsidiary	Date of establishment and commencement of business	Equity interest attributable to our Group	Registered capital	Principal activities
Huizhou EVE Innovation Energy Batteries Co., Ltd. (惠州億緯創能電池有限公司)	January 14, 1999	100%	RMB178,425,065	Consumer batteries and batteries equipment related business
Ningbo EVE Energy Lithium Battery Co., Ltd. (寧波億緯創能鋰電池有限公司)	December 22, 2020	100%	RMB105,000,000	Consumer batteries related business
Wuhan Fuante Technology Co., Ltd. (武漢孚安特科技有限公司)	March 11, 2004	100%	RMB4,440,461	Consumer batteries related business
Huizhou Jinyuan Intelligent Robot Co., Ltd. (惠州金源智能機器人有限公司)	December 17, 2010	100%	RMB3,000,000	Intelligent robot and lithium batteries equipment related business
Jingmen EVE New Energy Solutions Co., Ltd. (荊門億緯新能源系統有限公司)	January 17, 2024	100%	RMB40,000,000	Power and ESS batteries related business
Huizhou EVE New Energy Solutions Co., Ltd. (惠州億緯新能源系統有限公司)	January 2, 2024	100%	RMB40,000,000	Power and ESS batteries related business
Qujing EVE Energy Co., Ltd. (曲靖億緯鋰能有限公司)	August 2, 2022	100%	RMB1,050,000,000	Power and ESS batteries related business
Jinhai Lithium Industry (Qinghai) Co., Ltd. (青海鋰業(青海)有限公司) ⁽²⁾	September 1, 2021	80%	RMB180,000,000	Lithium batteries material related business
Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司) ⁽³⁾	August 9, 2021	65%	RMB500,000,000	ESS batteries related business

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of subsidiary	Date of establishment and commencement of business	Equity interest attributable to our Group	Registered capital	Principal activities
EVE Power (HK) Co., Ltd. (億緯動力香港有限公司)	September 9, 2020	100%	HK\$1,000,000	Investment management, management consulting and trading

Notes:

- (1) As of the Latest Practicable Date, Huizhou EVE United Energy Co., Ltd. (惠州億緯集能有限公司) is held by SK On Co., Ltd. as to 49% and 51% by our Company. The ultimate beneficial owner of SK On Co., Ltd. is SK Innovation Co., Ltd., a company listed on the Korea Stock Exchange (stock code: 096770).
- (2) As of the Latest Practicable Date, Jinhai Lithium Industry (Qinghai) Co., Ltd. (金海鋰業(青海)有限公司) is held as to 20% by Jin Kun Lun Lithium Industry Co., Ltd. (金昆倫鋰業有限公司). Jin Kun Lun Lithium Industry Co., Ltd. (金昆倫鋰業有限公司) is held as to 28.13% by our Company and 36.66% by Da Qidam Dahua Chemical Co., Ltd. (大柴旦大華化工有限公司), a company held as to 5% by our Company and 59.73% by Mr. Zhao Penlong (趙朋龍).
- (3) As of the Latest Practicable Date, Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司) is held as to 35% by Jiangsu Linyang Energy Co., Ltd. (江蘇林洋能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601222). The ultimate beneficial owner of Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司) is Mr. Lu Yonghua (陸永華).

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] to us, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately precedent the issue of this Document. See “Waivers and Exemption — Waiver in Respect of Alteration in Share Capital” for more details. For shareholding changes of our Major Subsidiaries during the two years immediately preceding the date of this Document, see “Statutory and General Information — Further Information about our Company — Changes in the Share Capital of our Major Subsidiaries” in Appendix IV to this Document.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Early History

Incorporation of our Company in December 2001

In December 2001, Huizhou Jinda Electronics Co., Ltd. (惠州晉達電子有限公司, the predecessor of our Company) was established in the PRC with an initial share capital of HK\$3 million. The shareholding structure of our Company as of the date of the establishment was as follows:

Name of the Shareholders	Approximate percentage of shareholding (%)
Jinda Energy Technology Co., Ltd. (“ Jinda Energy ”) (晉達能源科技公司) ⁽¹⁾	50.00
Huizhou Huitai Industrial Zone Development Co., Ltd. (“ Huizhou Development ”) (惠州市惠台工業園區開發總公司) ⁽²⁾ . .	25.00
Huizhou Zhitong Electronics Co., Ltd. (“ Huizhou Zhitong ”) (惠州直通電子有限公司) ⁽³⁾	25.00

Notes:

- (1) Jinda Energy was held as to 100% by Mr. Luo Jinwei (駱錦偉), who is Ms. Luo’s brother.
- (2) Huizhou Development was held as to 100% by Huizhou Huicheng District Foreign Economic and Trade Commission (惠州市惠城區對外經濟貿易委員會), an Independent Third Party.
- (3) Huizhou Zhitong was held as to 60%, 20% and 20% by Ms. Chen Yueqin (陳月琴), Ms. Zhang Suhua (張素華) and Ms. Chen Ruihong (陳瑞紅), respectively. Ms. Chen Yueqin is Ms. Luo’s mother, and Ms. Zhang Suhua and Ms. Chen Ruihong are Ms. Luo’s sisters-in-law.

Conversion into a joint stock company in October 2007

Upon completion of several rounds of share transfers and capital injection, the registered capital of our Company reached RMB14.82 million immediately prior to the conversion of our Company into a joint stock company. In October 2007, our then Shareholders passed resolutions approving the conversion of our Company from a limited liability company into a joint stock company under the laws of the PRC. Upon completion of the joint stock company conversion, the Company was owned as to approximately 60.66% by EVE Holdings, 4.28% by Dr. Liu, 7.15% by Ms. Luo, 3.28% by Mr. Liu Jianhua who is our executive Director and president, 0.06% by Ms. Zhu Yuan who is our executive Director, 0.16% by Mr. Lv Zhengzhong who is the general manager of certain subsidiaries in the Group, and 24.41% by other 34 shareholders, respectively, who are Independent Third Parties. EVE Holdings was then held as to 50% each by Dr. Liu and Ms. Luo.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

History of A Share Listing and Subsequent Major Capital Market Activities of our Company

Listing on the ChiNext Market of the Shenzhen Stock Exchange in October 2009

As approved by the CSRC, our Company completed the initial public offering and listing of our A Shares on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300014) in October 2009, under which a total of 22,000,000 A Shares, representing 25% of the number of shares immediately following such A Shares listing, were issued, and net proceeds of approximately RMB373.9 million were raised.

Immediately following the initial public offering of our A Shares, our Company was held by EVE Holdings, Dr. Liu, and Ms. Luo as to 45.50%, 3.21% and 5.38%, respectively.

Private placement of A Shares in November 2015

In July 2015, our Company obtained approval from the CSRC for a private placement of 27,347,310 A Shares (the “**November 2015 Placed A Shares**”), the primary purposes of which was to fund construction project for the high-performance lithium-ion power batteries production line. The November 2015 Placed A Shares were priced at RMB21.94 each, which was determined with reference to the average trading price of A Shares of the Company on the trading day immediately prior to the pricing date. The November 2015 Placed A Shares were placed to 4 institutional investors who are Independent Third Parties, raising net proceeds of approximately RMB586.4 million, all of which had been fully utilized as of December 31, 2024. Following the completion of the placement of the November 2015 Placed A Shares, our registered share capital increased to RMB426.9 million in November 2015.

Private placement of A Shares in May 2019

In January 2019, our Company obtained approval from the CSRC for a private placement of 114,995,400 A Shares (the “**May 2019 Placed A Shares**”), the primary purposes of which was to fund the projects for (i) energy storage lithium-ion power battery, and (ii) high-performance lithium-ion battery for IoT application. The May 2019 Placed A Shares were priced at RMB21.74 each, which was determined with reference to the average trading price of A Shares of the Company over the 20 trading days immediately prior to the pricing date. The May 2019 Placed A Shares were placed to 4 institutional investors who are Independent Third Parties, raising net proceeds of approximately RMB2.47 billion, all of which had been fully utilized as of December 31, 2024. Following the completion of the placement of the May 2019 Placed A Shares, our registered share capital increased to RMB970.5 million in May 2019.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Directed private placement of A Shares in October 2020

In August 2020, our Company obtained approval from the CSRC for a directed private placement of 48,440,224 A Shares (the “**October 2020 Placed A Shares**”), the primary purposes of which was to fund the projects for (i) bean-type lithium-ion cell for TWS application, (ii) high-temperature lithium-manganese battery for IoT and tire pressure testing applications, (iii) research and development and testing center for mass production of prismatic NCM power cells, and (iv) replenishment of working capital. The October 2020 Placed A Shares were priced at RMB51.61 each, which was determined with reference to the average trading price of A Shares of the Company over the 20 trading days immediately prior to the pricing date. The October 2020 Placed A Shares were placed to 7 institutional investors who are Independent Third Parties, raising net proceeds of approximately RMB2.48 billion, 95.97% of which had been fully utilized as of December 31, 2024. Following the completion of the placement of the October 2020 Placed A Shares, our registered share capital increased to RMB1.89 billion in October 2020.

Directed private placement of A Shares in November 2022

In October 2022, our Company obtained approval from the CSRC for a directed private placement of 142,970,611 A Shares (the “**November 2022 Placed A Shares**”), the primary purposes of which was to fund the projects for (i) passenger vehicle lithium-ion power battery, and (ii) replenishment of working capital. The November 2022 Placed A Shares were priced at RMB62.95 each, which was determined with reference to the average trading price of A Shares of the Company over the 20 trading days immediately prior to the pricing date. The November 2022 Placed A Shares were placed to our Controlling Shareholders, being EVE Holdings, Dr. Liu and Ms. Luo, raising net proceeds of approximately RMB8.97 billion, 73.28% of which had been fully utilized as of December 31, 2024. Following the completion of placement of the November 2022 Placed A Shares, our registered share capital increased to RMB2.04 billion in November 2022, and as a result, our Company was held by EVE Holdings, Dr. Liu, and Ms. Luo as to 32.08%, 3.79% and 4.05%, respectively.

Issue of 2024 Series 1 Medium Term Notes

In April 2024, our Company issued 2024 series 1 medium term notes of RMB0.5 billion (“**2024 Series 1 Medium Term Notes**”) for a term of 3 years with the maturity date on April 17, 2027 and coupon date of 2.80% per annum. The proceeds from the issue of the 2024 Series 1 Medium Term Notes were primarily utilized to fund the procurement of raw materials for production and operation of battery projects and settlement of bill of exchange for purchase of raw materials.

Issue of 2025 Convertible Bonds

In March 2025, to satisfy the funding needs for the projects of cylindrical lithium iron phosphate ESS and power battery and large cylindrical passenger vehicles power battery, our Company conducted public issuance of 2025 Convertible Bonds of RMB5 billion at a par value

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

of RMB100, and the 2025 Convertible Bonds were listed on the ChiNext Market of the Shenzhen Stock Exchange (bond code: 123254) on April 11, 2025. The coupon rate is 0.20% for the first year, 0.40% for the second year, 0.60% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The conversion period is from the first trading day after six months from the date of completion of the issuance of the 2025 Convertible Bonds to the maturity date of the 2025 Convertible Bonds, i.e. from September 29, 2025 to March 23, 2031, with the initial conversion price as RMB51.39 per A Share which has been continually adjusted with reference to our Company’s distribution and dividend payments as well as changes in share capital of our Company. The 2025 Convertible Bonds and A Shares issuable upon conversion pursuant to an exercise of the conversion right by bondholders are not subject to any restrictions on transfer or lock-up arrangement. The holders of the 2025 Convertible Bonds will not have any special rights attached thereto which are not generally available to other Shareholders upon [REDACTED].

During the conversion period, the Company has the right to redeem part or all of the 2025 Convertible Bonds at its principal amount together with accrued and unpaid interest, if, among other conditions, during the conversion period, the closing price of the A Shares is not lower than 130% of the conversion price for at least an aggregate of 15 trading days within 30 consecutive trading days.

As of the Latest Practicable Date, none of the 2025 Convertible Bonds has been converted into our A Shares. The aggregate principal amount underlying the outstanding 2025 Convertible Bonds was RMB5 billion. Assuming a conversion price of RMB50.89 per A Share, which was the prevailing conversion price as of the Latest Practicable Date, the aggregate number of A Shares which may be issued upon conversion of the outstanding 2025 Convertible Bonds would be approximately 98,251,129 A Shares, representing approximately 4.8% of the total number of Shares as at the Latest Practicable Date, and approximately [REDACTED]% of the total number of Shares upon the [REDACTED] (assuming that the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans).

To the best knowledge and belief of our Company, as of the Latest Practicable Date, holders of the 2025 Convertible Bonds who are also core connected persons of our Company as defined under the Listing Rules includes Liu Jianhua, our Director, Lv Zhengzhong (who is the general manager of certain subsidiaries in the Group) and his spouse, and He Yingshen (who is the director of certain subsidiaries in the Group), holding principal amount underlying the outstanding 2025 Convertible Bonds of RMB46,489,700, RMB169,600 and RMB1,000, respectively. Assuming a conversion price of RMB50.89 per A Share, which was the prevailing conversion price as of the Latest Practicable Date, the number of A Shares which may be issued upon conversion of the outstanding 2025 Convertible Bonds held by Liu Jianhua, Lv Zhengzhong and his spouse, and He Yingshen would be approximately 913,533 A Shares, 3,332 A Shares and 19 A Shares, respectively, representing approximately [REDACTED]%, [REDACTED]% and [REDACTED]% of the total number of Shares upon the [REDACTED] (assuming that the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers that we consider to be material to us, or fall within the scope of Rule 4.05A of the Listing Rules.

OUR LISTING ON THE CHINEXT MARKET OF THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since October 2009, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300014). Our Directors confirmed that we had no instance of non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects since our listing on the ChiNext Market of the Shenzhen Stock Exchange and, to the best knowledge of our Directors after having made all reasonable enquiries, there was no material matter that should be brought to [REDACTED] attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the filings on the website of the Shenzhen Stock Exchange and the information available in the public domain, our PRC Legal Advisor is of the view that the above confirmation of our Directors with regard to our compliance record is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor’s view above, nothing has come to the Sole Sponsor’s attention that would cause them to cast reasonable doubt on our Directors’ confirmation with regard to the compliance record of the Company on the Shenzhen Stock Exchange in any material respect.

Our Company seeks the [REDACTED] of the H Shares on the Hong Kong Stock Exchange as the [REDACTED] presents an opportunity for our Group to improve its comprehensive competitiveness and capital market capabilities, promote our market awareness worldwide, satisfy overseas financing needs and further advance its internationalization strategy. The [REDACTED] will provide an additional fundraising platform for our Company to expand its [REDACTED] base and gain access to international capital for expansion and development of our business. For more details in relation to the use of the net [REDACTED] from the [REDACTED], see “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” in this Document.

EMPLOYEE INCENTIVE PLANS

As at the Latest Practicable Date, our Company has adopted the Employee Incentive Plans. No Options and RSUs under the Employee Incentive Plans will be further granted after the [REDACTED] and all granted Options and RSUs have been granted to specified individuals under the Employee Incentive Plans. For details, see “Appendix IV — Statutory and General Information — Employee Incentive Plans”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED]

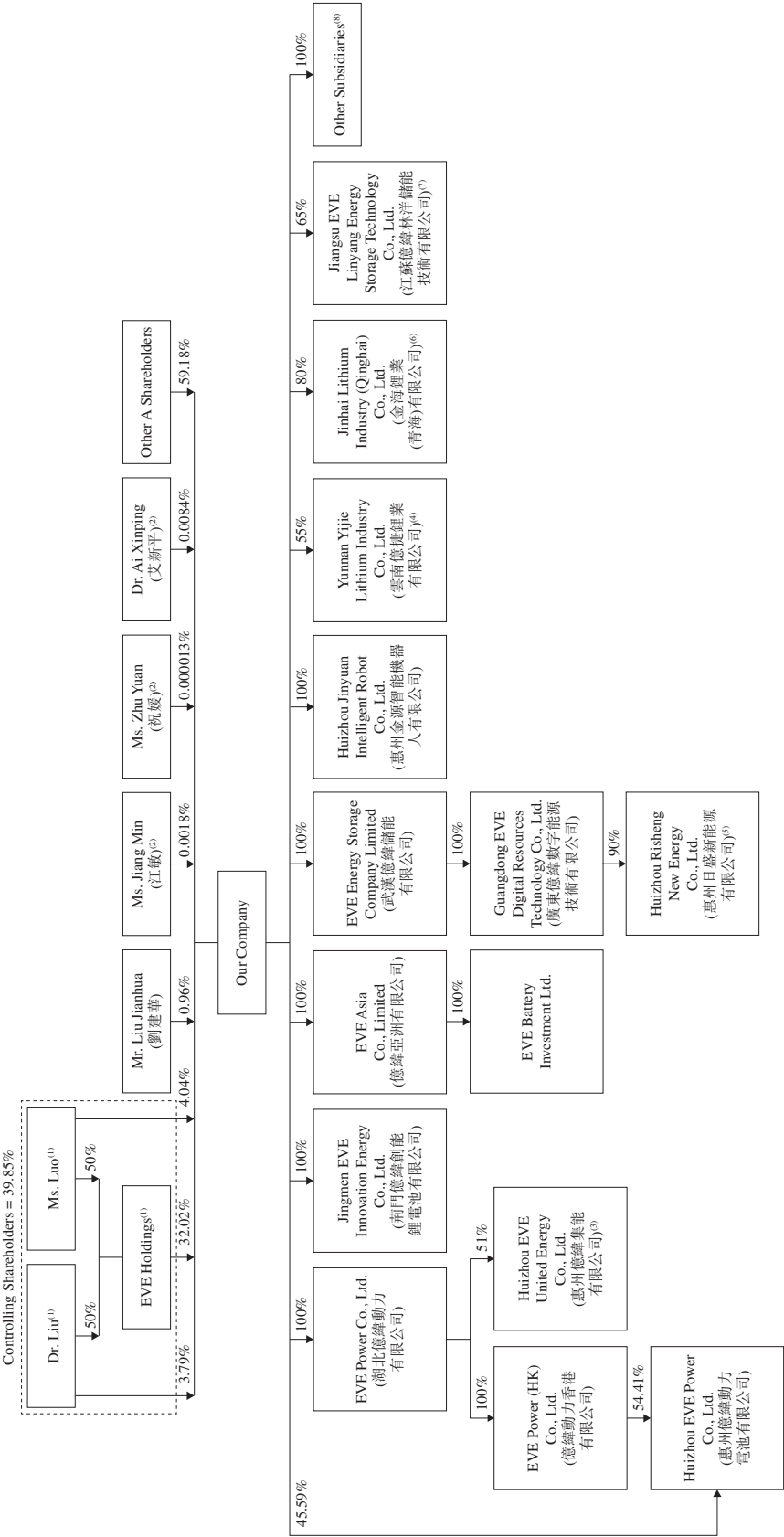
Upon [REDACTED], our Company’s issued Shares held by core connected persons and their respective close associates will not be considered as part of the [REDACTED].

To the best knowledge of our Company, over 25% of our Company’s total issued Shares (excluding the treasury shares) will be held by the [REDACTED] upon completion of the [REDACTED] as required under Rule 8.08(1)(a) of the Listing Rules. Immediately upon completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are issued and sold to [REDACTED] in the [REDACTED] and (ii) the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds, our H Shares to be issued in connection with the [REDACTED] will represent approximately [REDACTED]% of our Company’s total issued Shares immediately following the [REDACTED]. [REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart illustrates our corporate and shareholding structure immediately prior to the [REDACTED], assuming that no new Shares are issued under the Employee Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds:



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) As at the Latest Practicable Date, each of EVE Holdings, Dr. Liu and Ms. Luo, being the Controlling Shareholders, pledged 366,710,000, 13,410,000 and 6,100,000 A Shares held by them, respectively, to certain financial institutions in the PRC such as assets management companies and trust management companies as securities for certain financings provided by these companies to the Controlling Shareholders, representing approximately 18.88% of the total number of issued Shares.
- (2) Each of the relevant Shareholders is a director and/or member of senior management of the Company. See “Directors and Senior Management” in this Document.
- (3) As of the Latest Practicable Date, Huizhou EVE United Energy Co., Ltd. (惠州億緯集能有限公司) is held by SK On Co., Ltd. as to 49%. The ultimate beneficial owner of SK On Co., Ltd. is SK Innovation Co., Ltd., a company listed on the Korea Stock Exchange (stock code: 096770). SK On Co., Ltd. is a connected person upon the [REDACTED] as defined under the Listing Rules. For details of the continuing connected transactions proposed to be conducted with SK On Co., Ltd. upon the [REDACTED] and the applicable waivers applied for and [granted] by the Stock Exchange, see “Connected Transactions” in this Document.
- (4) As of the Latest Practicable Date, Yunnan Yijie Lithium Industry Co., Ltd. (雲南億捷鋰業有限公司) is held as to 45% by Yunnan Energy New Materials Technology Co., Ltd. (雲南恩捷新材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002812). The largest shareholder of Yunnan Energy New Materials Technology Co., Ltd. (雲南恩捷新材料股份有限公司) is Mr. Paul Xiaoming Lee.
- (5) As of the Latest Practicable Date, Huizhou Risheng New Energy Co., Ltd. (惠州日盛新能源有限公司) is held as to 10% by Shenzhen Kubo Energy Co., Ltd. (深圳庫博能源股份有限公司). The ultimate beneficial owner of Shenzhen Kubo Energy Co., Ltd. (深圳庫博能源股份有限公司) is Mr. Men Kun (門銳).
- (6) As of the Latest Practicable Date, Jinhai Lithium Industry (Qinghai) Co., Ltd. (青海鋰業(青海)有限公司) is held as to 20% by Jin Kun Lun Lithium Industry Co., Ltd. (金昆倫鋰業有限公司), Jin Kun Lun Lithium Industry Co., Ltd. (金昆倫鋰業有限公司) is held as to 28.13% by our Company and 36.66% by Da Qaidam Dahua Chemical Co., Ltd. (大柴旦大華化工有限公司), a company held as to 5% by our Company and 59.73% by Mr. Zhao Penlong (趙朋龍).
- (7) As of the Latest Practicable Date, Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司) is held as to 35% by Jiangsu Linyang Energy Co., Ltd. (江蘇林洋能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601222). The ultimate beneficial owner of Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司) is Mr. Lu Yonghua (陸永華).
- (8) Other subsidiaries including 24 subsidiaries which are wholly-owned by our Company.

The following chart illustrates our corporate and shareholding structure immediately following the completing of the [REDACTED], assuming that the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds:



(1) to (8): Please refer to “Our Corporate Structure Immediately Prior to the Completion of the [REDACTED]” above for details.

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OVERVIEW

Our Mission

Our mission is to power an interconnected world through integrated battery solutions.

Our Vision

Our vision is to empower the world with EVE energy.

Who We Are

We are one of the few lithium battery platform companies worldwide that lead across consumer battery, power battery and ESS battery sectors, delivering comprehensive solutions for a wide range of social and economic applications. Our operating philosophy is to foster healthy and sustainable growth, continuously creating value for our shareholders.

Through 24 years of high-quality development, we have achieved internationally leading positions in the three core business segments of consumer batteries, power batteries and ESS batteries and built a comprehensive R&D platform encompassing materials, cells, BMS and systems. Our products are widely used in smart living, green transportation and energy transition.

In the era of the Internet of Everything, we leverage our multifaceted lithium battery technology route and broad application scenarios to reliably support omnipresent energy needs in collaboration with our value chain partners. As of the Latest Practicable Date, building upon our “Global Manufacturing, Global Collaboration, and Global Services” capability framework, we have established eight manufacturing bases and have two manufacturing bases under construction worldwide, with sales offices and branches in seven countries and regions and after-sales service network covering 18 countries and regions.

We possess strong competitiveness across the consumer battery, power battery and ESS battery sectors, as evidenced by many notable achievements, including growth surpassing the industry average in terms of shipment volume over the past three years. Through the interconnected collaboration and mutual reinforcement of all sectors, we believe we are well-positioned for future expansion.

Consumer batteries

Top 3 Globally No. 2 among Chinese manufacturers by shipment volume of consumer battery in 2024, with a market share of 11.7%
No. 1 Globally By shipment volume of primary lithium battery in 2024, with a market share of 31.1%
No. 2 Globally No. 1 among Chinese manufacturers by shipment volume of cylindrical cells for consumer applications in 2024, with a market share of 34.3%

Power batteries

Top 5 among Chinese Manufacturers By global shipment volume of power batteries in 2024, with a market share of 2.8%
No. 2 Globally No. 1 among Chinese manufacturers by shipment volume of 46 series large cylindrical cells in 2024
No. 2 in China By shipment volume of power batteries for commercial vehicles in 2024, with a market share of 12.2%

ESS batteries

No. 2 Globally By shipment volume of ESS batteries in 2024, with a market share of 17.2%
No. 1 Globally By shipment volume of residential ESS cells in 2024
1st in the world To achieve mass production of 600Ah+ large prismatic LFP ESS batteries

Source: Frost & Sullivan; China Automotive Battery Innovation Alliance.

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Our Offerings

We are deeply rooted in the lithium battery sector, where our integrated R&D and market systems work synergistically to drive innovation and reinforce one another. We possess core technologies and deliver comprehensive, end-to-end solutions across consumer battery, power battery and ESS battery applications.



Consumer Batteries

Consumer batteries are a critical enabler of the Internet of Everything. We are a global leader in the consumer battery sector, with the following key advantages:

- **Comprehensive technology route coverage.** We have developed (i) primary lithium battery series products, including lithium thionyl chloride batteries, lithium-manganese batteries and SPC, (ii) lithium-ion battery series products, including pouch cells, bean cells and prismatic steel-case batteries, and (iii) cylindrical cell series products, predominantly 18650 and 21700, with coverage also extending to other dimensions. Our products offer performance advantages such as high energy density, high-power discharge, ultra-long lifespan, and ultra-wide working temperature ranges.
- **Diversified use cases.** Leveraging our deep expertise in the consumer battery sector and market insights into relevant use cases, we are able to comprehensively address energy demands across diverse social and industrial environments. Moreover, we creatively develop customized lithium battery solutions to rapidly meet the needs of emerging fields such as robots, low-altitude aircraft and smart city initiatives.

BUSINESS

Power Batteries

Power batteries are the key drivers of clean energy. We have experienced rapid shipment growth in this sector and established a favorable competitive position.

- ***Comprehensive offering.*** We manufacture prismatic NCM cells, prismatic LFP cells, large cylindrical cells, cylindrical LFP cells and pouch cells tailored to the product requirements of new energy passenger vehicles, commercial vehicles, construction machinery and LEVs, addressing customer needs across the entire power battery industry.
- ***Leading edge.*** Our power batteries possess outstanding technological advantages in areas such as ultra-fast charging, low-temperature operation, large cylindrical format, stacking, and system integration, and we have launched the Open-source Battery 3.0 for commercial vehicles and Omnicell 2.0 for passenger vehicles. Notably, we have made significant achievements in large cylindrical cells. We pioneered in the industry with the construction of a manufacturing facility for large cylindrical cells with a production capacity of 20 GWh, positioning us as the first large scale supplier of the batteries of launch for the next-generation EV models of top international automotive companies. Our batteries have been mass produced and installed in over 60,000 vehicles, demonstrating stable and reliable performance. The maximum mileage recorded by a single vehicle using our battery has exceeded 200,000 kilometers.

ESS Batteries

ESS batteries are essential for creating economic benefits in the new energy era, and we are a global leader in this field.

- ***Technology advantages.*** We were among the first movers in the energy storage sector, and after years of dedicated research and practical experience, we lead the industry in technological innovation, pivoting our technology platform to a predominantly large prismatic cell featuring stacking technology. Meanwhile, we hold ourselves out of being the world’s first to achieve mass production of 600Ah+ large prismatic LFP ESS batteries.
- ***Comprehensive solutions.*** We provide comprehensive energy storage solutions across multiple sectors, including grid, commercial and industrial, and residential ESS. Our offerings cover the entire ESS battery product ecosystem from cells, modules and systems to BMS, as well as intelligent operational services for user-side energy storage, which are designed to meet multi-level customer needs across various application scenarios in terms of high safety, long lifespan, intelligence, large format and superior comprehensive integration capabilities. Our integrated energy storage solutions provide a powerful impetus for global green and low-carbon development, collectively fostering a cleaner and more sustainable future.

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Our Customer Base

A high-quality and stable customer base is essential for our long-term growth. We have established long-term stable partnerships with industry-leading companies across diverse sectors, which provides a solid foundation for our sustained and healthy development.

- **Customer coverage.** We maintain long-term and extensive collaborations with the top three global power tool manufacturers, covering over 80% of the top 10 global power tool companies and over 60% of the world’s top 20 new energy passenger vehicle suppliers. Our renowned consumer battery customers include Samsung, Stanley Black & Decker, Bosch, Xiaomi, S.F. Express and Smoore; notable automotive customers comprise global brands like BMW, Mercedes-Benz and Jaguar Land Rover, as well as domestic well-known automakers including GAC, FAW and Changan and premier emerging brands such as Xpeng and Leapmotor. Furthermore, our commercial vehicle customers include major companies like SANY Heavy Truck, Farizon Auto, and Dongfeng Commercial Vehicle. In the energy storage sector, we partner with prominent enterprises including China Mobile, China Southern Power Grid, ABB and Delta Electronics.
- **Customer recognition.** We enjoy a high level of customer satisfaction, as evidenced by numerous awards and recognitions we received from our customers. For instance, Jaguar Land Rover presented us with the Jaguar Land Rover Quality (JLRQ) Global Excellence Award in Quality, the highest distinction within the Jaguar Land Rover’s global supplier performance management system. We have received the highest satisfaction ratings from another prominent international automotive company as its supplier for years.
- **Synergistic growth.** We enjoy positive and synergistic relationships with industry leaders. Prominent industry players, leveraging our innovative solutions, have further propelled the high-quality implementation of the Internet of Everything, which in turn creates expanded market opportunities for us.

Our Production Capabilities

We possess an industry-leading lithium battery manufacturing system, dedicated to establishing a best-in-class digital factory with standardized production lines.

- **Manufacturing bases.** We operate eight advanced, informatized and digitalized manufacturing bases and have two manufacturing bases under construction that deliver high-quality, battery solutions covering comprehensive use cases to customers worldwide. In 2024, we achieved a total shipment volume of consumer batteries of 2.1 billion units and power and ESS batteries of 80.7 GWh.
- **Digitalization.** We are comprehensively advancing the systematic development of our capabilities in digital R&D, digital management and digital manufacturing, and have been selected for the inaugural list of excellent smart factory projects by the Ministry of Industry and Information Technology. By leveraging the EMES

BUSINESS

Manufacturing Execution System 2.0, digital group management supported by “Three-Tier Management Cockpit”, “IoT+AI+Andon” and visualized digital twin factories, we are in the process of developing super smart manufacturing facilities.

- **Standardization.** Standardization has long been a pursuit within the battery industry and also remains a key production objective for us. We possess the capability to define standardized production processes, with large cylindrical and large prismatic cells representing a tangible realization of our digitalized and standardized manufacturing principles. We believe that standardized production can effectively improve resource allocation, enhance manufacturing efficiency, reduce resource waste caused by industry changes, and facilitate healthy industry development.

Our R&D Capabilities

We are a technology-driven lithium battery company, with our focused R&D on battery technologies rooted in electrochemical theory.

- **Comprehensive layout and cutting-edge innovation.** Adhering to the principles of “higher, faster, safer, and more environmentally friendly”, we are developing technologies to achieve high energy density (up to 600 Wh/kg), ultra-fast charging (up to 10C), enhanced safety (highly flame-retardant batteries), and improved environmental sustainability (zero-carbon sodium-ion batteries).
- **R&D team.** We have established seven research institutes and built a multidisciplinary R&D team spanning electrochemistry, materials science, mechanical engineering, electrical and electronic engineering and simulation. Our R&D workforce exceeds 6,000 personnel dedicated to the research, development, and deployment of pioneering technologies and emerging products. As of the Latest Practical Date, we have held a number of granted patents, undertaken 25 national-level projects and contributed to the formulation of key industry standards such as the Electric Vehicles Traction Battery Safety Requirements (《電動汽車用動力蓄電池安全要求》).

Global Presence

With over 20 years of experience in global operations, we have consistently adopted an international perspective to develop our “Global Manufacturing, Global Collaboration, and Global Services” capabilities. By leveraging our outstanding product quality, we serve leading customers across diverse industries worldwide, including BMW, Mercedes-Benz, Jaguar Land Rover, Samsung, Bosch, Stanley Black & Decker, ABB and Delta Electronics.

To better serve our overseas customers and respond to market demands, our Malaysian battery manufacturing base was completed and commenced operation in 2025, becoming our first overseas factory to achieve mass production and delivery, with plans to cover a full range

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of products in the consumer battery, power battery and ESS battery sectors. Our Hungarian manufacturing base, currently under construction and positioned for the European market, is expected to commence production in 2027, paving the way for our future international business expansion.

As of December 31, 2024, we have established a global presence with sales offices and branches in seven countries and regions and after-sales service centers in 18 countries and regions. This network ensures efficient connectivity with global customers and allows us to provide high-quality lithium battery solutions for a comprehensive range of use cases.

Furthermore, we achieve synergistic growth together with our international partners through our CLS (Cooperation, License and Service) global collaborative business model, committed to promoting green development worldwide and jointly building a sustainable future.

Our Financial Performance

During the Track Record Period, we achieved steady growth in revenue, fueled by ongoing product innovation and strengthened partnerships with our customers. In 2022, 2023 and 2024, our revenue totaled RMB36,303.9 million, RMB48,783.6 million and RMB48,614.6 million, respectively. Correspondingly, our gross profits for these years were RMB5,785.8 million, RMB8,119.3 million and RMB8,465.3 million.

Since our listing on the ChiNext Market of the Shenzhen Stock Exchange in 2009, we have been committed to creating value for our shareholders. From our listing until December 31, 2024, we achieved a CAGR of 43.9% in revenue and a CAGR of 36.4% in net profit.

Our Market Opportunities

Amid accelerating global trends toward electrification and intelligentization, each battery is increasingly positioned to function as an independent energy unit, contributing meaningfully to overall economic efficiency. As artificial intelligence continues to advance, global energy demand is rising rapidly, further amplifying the importance of battery innovation. With ongoing breakthroughs in battery technology, the global battery market is approaching a critical inflection point poised for exponential growth, driven by the following key trends:

- The proliferation of the Internet of Everything, including artificial intelligence development, has fundamentally reshaped the significance of the global energy sector.
- The energy market has shifted from meeting essential demand and providing backup power to engaging in peak-valley arbitrage. Lithium batteries, as a mature technology characterized by high energy density, long cycle life, low self-discharge, and lightweight design, have become vital to capitalizing on the opportunities presented by this inflection point.

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- In a landscape marked by rapid technological updates and constantly evolving customer demands in the energy market, only companies equipped with comprehensive technological capabilities and well-planned strategies can swiftly respond to changing needs. Those that lack this adaptability risk being rendered obsolete by emerging market trends.
- As one of the few global companies with extensive expertise across consumer batteries, power batteries and ESS batteries, we are precisely positioned to seize this historic opportunity by leveraging our strong technological reserves and comprehensive, multi-technology solutions, making ourselves a key driver of industry development.

Consumer Battery Sector

Amid the ongoing trends of electrification and intelligentization, the consumer battery market is witnessing steady demand growth. According to Frost & Sullivan, the market size in terms of shipment volume is expected to increase from 21.7 billion units in 2025 to 55.1 billion units in 2029, representing a CAGR of 26.2%. The consumer battery industry is marked by diverse and rapidly changing business requirements. Only companies that can provide a broad range of solutions and demonstrate keen market insight are well positioned to capitalize on emerging opportunities.

Driven by diverse application demands, the consumer battery sector is experiencing transformative advancements in materials, manufacturing technique, performance and safety, and is continuously expanding into more diverse application scenarios. Only companies that possess strong technological capabilities and the ability to scale resource integration can gain a competitive advantage.

Power Battery Sector

Fueled by both policy guidance and technological breakthroughs, the downstream demand for power batteries is experiencing substantial growth. According to Frost & Sullivan, the global shipment volume of EV batteries is projected to increase from 1,376.4 GWh in 2025 to 3,548.3 GWh in 2029, representing a CAGR of 26.7%.

The accelerating global electrification trend presents a vast market opportunity. Beyond passenger vehicles, commercial vehicles and construction machinery represent the promising markets for power batteries. Major manufacturers are engaged in competition across energy density, charging speed, and safety. Standardization is becoming increasingly critical to maintain profitability and reduce costs. Large cylindrical cells, which lend themselves more readily to standardization, are seen as a future trend.

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ESS Battery Sector

Driven by rapid market expansion and technological advancements, the global energy storage industry is rapidly developing new business formats. Frost & Sullivan’s data indicate that global ESS battery shipments are forecast to grow from 479.2 GWh in 2025 to 1,101.3 GWh in 2029, with a CAGR of 23.1%.

ESS batteries are an increasingly important contributor to economic efficiency, expanding beyond their traditional role as backup power to arbitrage between peak and valley, thereby demonstrating significant market potential. As technology continues to evolve rapidly, the long-term nature of operations may lead to more stringent technical specification requirements. This trend underscores the importance of full lifecycle equipment management, operation and maintenance, thereby imposing higher technical competency requirements on industry participants.

OUR STRENGTHS

We Are a Leader in the Lithium Industry, Offering Solutions Covering Comprehensive Use Cases and Diversified Technology Route

We have made remarkable achievements in the lithium battery industry, securing leading market positions across multiple product segments

We have achieved outstanding accomplishments within the lithium battery industry, developing a multidimensional product system that addresses all application scenarios and establishing a global leadership in consumer battery, power battery and ESS battery sectors. By shipment volume in 2024, in the consumer battery sector, we were the world’s largest provider of primary lithium batteries and the second-largest global supplier of consumer cylindrical cells for consumer applications (largest among Chinese manufacturers). In the power battery sector, we were the second-largest Chinese supplier of power batteries for commercial vehicles and the largest Chinese supplier of 46 series large cylindrical cells. In the ESS battery sector, we were the world’s second-largest battery cell supplier and largest residential battery cell supplier in the ESS battery sector.

These achievements not only demonstrate our comprehensive strength in technological research and development, manufacturing, and market expansion, but also reflect our deep understanding and continuous driving force for the industry development.

We leverage lithium battery solutions across comprehensive use cases and diversified technology route to empower the Internet of Everything

In the context of the global energy transition and the era of the Internet of Everything, we focus on lithium battery solutions across comprehensive use cases and diversified technology route to promote society toward a green, intelligent and efficient future.

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We embed innovation across our consumer battery applications to power the Internet of Everything

We are an industry leader in consumer battery technology, we are constantly exploring emerging use cases and enhancing our market influence.

As an internationally leading consumer battery company, we possess unique advantages in the consumer battery industry. Our comprehensive use cases coverage of the battery industry helps us build a multidimensional capacity in research and development, production, and sales. Given the diverse market demands of the consumer battery industry, we can leverage economies of scale to enhance our bargaining power. Moreover, we have strong technological capabilities and independent R&D capability in key materials and core equipment.

We maintain a positive and collaborative relationship with the industry, allowing us to proactively identify market needs and innovatively propose solutions, simultaneously driving the industry’s advancement. This capability is especially important in the consumer battery market with rapidly evolving demands. Our leading position is also attributed to our strict quality management and technological innovation, which have earned global market trust. We have been among the first to enter specific market segments, such as high-end international tools, and have achieved higher profits.

Our products have the following highlights:

- Our lithium thionyl chloride batteries and SPC meet the demands of emerging markets, playing a key role in the industrial automation fields that require long-term maintenance-free operation and high-precision control.

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- *Automotive electronics:* We can satisfy the needs of automotive energy systems in an all-round way. Regarding automotive electronic solutions, our high-temperature lithium-manganese coin batteries can endure extreme operation conditions. We are the first PRC brand to achieve a large-scale supply of batteries for automotive TPMS.
- *Power tools:* We are the first PRC company to successfully supply products on a large scale to the international leading power tool companies. We ranked second in the global shipment of batteries for power tools in 2024. We have long-term and in-depth collaborations with the global top three power tool manufacturers, covering over 80% of the global top ten power tool companies.

We are actively exploring emerging application scenarios in the consumer battery sector:

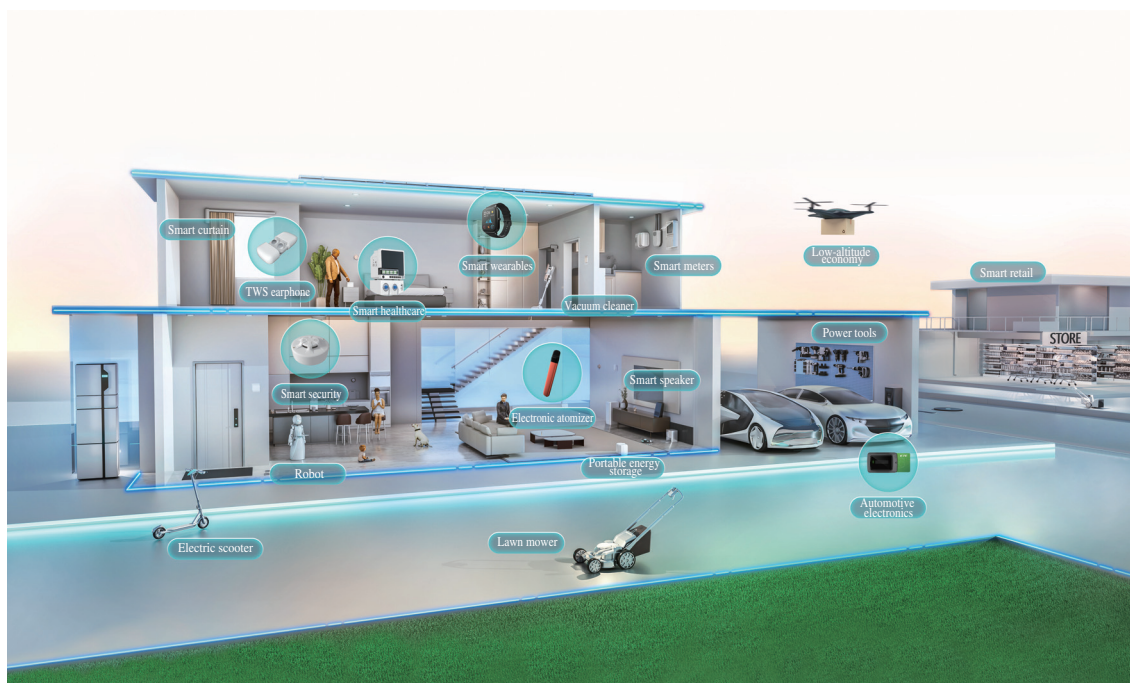
- *Robots:* Our technological capabilities and development direction closely align with the needs of robot customers for high energy density, safety, fast charging, or battery swapping, and have established collaborations with many customers. In addition to the mass-produced and delivered batteries for sweeping robots, we also supply battery solutions for other robot customers in areas such as humanoid robots and robotic dogs, with some customers having completed sample deliveries and assembly. In addition, our lithium thionyl chloride batteries have been massively used in robot encoders, and other lithium-based products also have application potential.
- *Low-altitude economy:* We are the first PRC battery company to obtain AS9100D aerospace system certification and have the capability to provide battery solutions for eVTOL aircraft. Our technology roadmap covers both pouch and cylindrical cell formats, with excellent sales performance in the low-altitude economy sector. We have achieved mass production and delivery of batteries for commercial UAVs, such as agricultural spray UAVs. Meanwhile, we are developing lighter products with higher energy density to meet the future needs of customers in the aircraft sector. Our intelligent immersion liquid cooling system solution helps aircraft battery systems achieve a balance between thermal safety and high efficiency and is suitable for manned aircraft.
- *Medical batteries:* We offer comprehensive solutions with a variety of lithium battery products, including batteries for glucometers, endoscopes, and implantable devices, meeting the demands of both domestic and international markets for high-performance medical batteries. The battery products we have developed for implantable medical devices achieve extremely low self-discharge rates and long lifespans in the constant temperature environment of the human body, with a cost reduction of 50% compared to imported batteries, benefiting thousands of patients. Additionally, our self-developed lithium-manganese batteries can be used in external defibrillators, featuring technological advantages such as long lifespan,

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ultra-low self-discharge rate, and millisecond-level high-energy discharge. The battery products we supply for subcutaneously implantable sensors are extremely small in size but have an energy density of up to 390Wh/L, enabling unobtrusive monitoring.

- *Detachable lithium batteries:* The EU’s new Batteries Regulation requires that most portable consumer electronic products sold in the EU should support battery removal and replacement by end users. We have been researching various technologies for many years to address the new detachable battery formats, generally by adding structural components or using steel-case structures. To address the application requirements of lithium batteries with different packaging and shapes, we have developed corresponding detachable battery solutions. For example, we have developed prismatic steel-case detachable battery solutions for smart watches, smart glasses, and mobile phones. For electronic atomizers, we have achieved diversified solutions compatible with pouch cells, prismatic steel-case batteries, and cylindrical steel-case batteries.

The following diagram shows the main use cases of our consumer battery products:



Our innovations transcend spatial limitations in power batteries, driving the evolution of a multidimensional green economy

In the power battery field, we develop both NCM batteries and LFP batteries, and continuously pursue technological innovations in areas such as ultra-fast charging, low-temperature operation, large cylindrical format, stacking design, and system integration.

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Comprehensive product solutions

We provide comprehensive solutions for our power battery customers, including:

- *Pouch cells:* We have been massively supplying pouch cells to Mercedes-Benz for seven years, maintaining top quality standards for years. This type of product has also been used in XPeng P7, with a current maximum mileage of over 500,000 kilometers, and its performance remains excellent.
- *Prismatic NCM and LFP batteries:* Our prismatic NCM and LFP batteries have been used in hundreds of thousands of EVs manufactured by XPeng and GAC, with safe operation and satisfactory performance. We have also begun to apply them in the EVs of Leapmotor, another prominent emerging company.
- *Large cylindrical batteries:* We have the advantage of leading technologies in large cylindrical cells. We were the first in China to establish a manufacturing facility with a capacity of 20 GWh for large cylindrical cells. Our batteries have been mass produced and installed in over 60,000 vehicles, demonstrating stable and reliable performance. The maximum mileage recorded by a single vehicle using our battery has exceeded 200,000 kilometers.
- *LMFP batteries:* Due to their strong energy density and low-temperature performance, such batteries have an advantage in applications for heavy trucks.
- *Cylindrical LFP cells:* They support low-cost power battery structuring with efficient production, with a strong competitive advantage in short-range range extension, and an evident advantage in LEV applications.

Leading technological layout

Leveraging years of experience in the lithium battery industry, we have established a leading technological layout, including:

Fast charging technology

We achieve 6C ultra-fast charging capability through improved cell material systems and electrode design, etc., realizing charging for 10 minutes to provide a range of 400 kilometers. Charging from 10% to 80% SOC takes ≤ 9 minutes, at the leading edge of the industry (where the industry standard is between 10-15 minutes). Moreover, under ultra-fast charging conditions, the batteries maintain a stable temperature without overheating, with a maximum temperature of less than 60°C.

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Low-temperature technology

Our low-temperature technology achieves over 90% energy retention at -30°C, enabling cold starts. Under such conditions, charging from 10% to 80% SOC requires less than 24 minutes, effectively reducing the customers’ waiting time during extreme low-temperature charging conditions. Furthermore, when a vehicle is parked outdoors at -20°C or below for one night (≥ 8 hours), the minimum battery temperature can be maintained at above 0°C, satisfying the next-day usage needs of users in cold regions who park their vehicles outdoors.

Leading position in large cylindrical cells and their systems

As the first domestic enterprise that has mass-produced and installed large cylindrical cells in vehicles, we have been engaged in cylindrical cells for over 20 years and have established more than 70GWh production capacity of large cylindrical cells both at home and abroad. As of the Latest Practicable Date, we have achieved mass production and installation of large cylindrical cells in over 60,000 vehicles. The maximum mileage recorded by a single vehicle using our battery has exceeded 200,000 kilometers, making the cells an industry benchmark product for pioneering mass production.

Our 46-series ternary large cylindrical cells boast significant advantages such as high energy density, high production efficiency, good safety, and stable cell mechanical structure. They are installed in the “Next Generation” electric vehicle models of global leading automotive brands.

We have successfully mastered three core technologies of large cylindrical cells including standardization, zero swelling, and high strength. We also have achieved rapid adaptation of standard-sized cells across vehicles and carriers. Our cells can suppress negative electrode rebound, and are more resistant to high temperatures. Moreover, their strength is significantly higher than that of traditional aluminum shell prismatic batteries. The leading technologies we have applied to large cylindrical cells include full tab technology, directional pressure relief and explosion-proof technology, silicon-based anode technology, among others, offering technological advantages such as fast charging, high power, high safety (thermal runaway containment technology), and wide temperature range. Meanwhile, we have established a technological moat that covers patents across 15 countries worldwide, cementing our position as a leader in the field of large cylindrical cell technology.

Stacking technology

We utilize a stacking process for our prismatic LFP cells, providing higher space utilization and a better electrochemical reaction interface, with the following advantages:

- *Higher volumetric energy density:* The neatly stacked electrode plates of the stacking process help improve space utilization. At a prismatic cell capacity level of 100Ah, the volumetric energy density is increased by 3%; at a prismatic cell capacity level of 300Ah, the volumetric energy density is increased by 5-6%;

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- *Improved electrochemical performance and consistency:* The stacking process ensures that the positive and negative electrode plates are completely face-to-face, resulting in a more uniform and complete interface contact.

Power battery system integration technology

Currently, CTP (Cell To Pack) and CTC (Cell-to-Chassis) technologies have been fully applied in our Omnicell batteries and Open-source Batteries.

- *CTP technology:* Direct integration of cells into the battery pack leads to a volume utilization rate of over 70% and a system energy density of over 220 Wh/kg;
- *CTC technology:* Also known as “Cell-to-Chassis” technology, it involves the direct integration of cells or battery modules into the vehicle chassis or body structure, reducing the battery system height by 50%, increasing the battery capacity by 5%, and lowering the weight by 12%, with an LFP battery system energy density of 160 Wh/kg.

Large-scale digitized manufacturing technology

After over 20 years of continuous investment and refinement, we are leveraging the latest ICT (Information and Communication Technology) and lithium battery management experience to significantly improve our operational efficiency and profitability.

Full use case coverage

We comprehensively empower industry upgrades across passenger, commercial, construction machinery, and LEV scenarios.

Passenger vehicles

We have launched Omnicell 2.0 for passenger vehicles. Based on fast charging and low-temperature performance, it has excellent performance and the following technological advantages:

- *Bottom collision safety:* The innovative bottom armor structure can withstand 1,000J of impact energy (equivalent to scraping an obstacle at approximately 70km/h), effectively preventing battery damage from chassis collisions;

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- *Ultra-high stiffness:* We have achieved superior torsional stiffness for the battery packs, resulting in more stable cornering;
- *Side static pressure bearing:* The side load-bearing capacity reaches approximately 30 tons of pressure, offering a protection performance three times that specified by national standards.

Commercial vehicles

We have launched Open-source Battery 3.0 for commercial vehicles. Our eight Open-source Battery products can precisely meet the needs of various commercial scenarios, including logistics vehicles, heavy trucks, and buses, empowering new energy commercial vehicles with “faster, lighter, longer, and more superior” standards.

- *Breakthroughs in key performance:* It takes just 18 minutes for our Open-source Battery products to charge from 10% to 80% SOC with the supercharging technology for heavy trucks, realizing fast replenishment. The system energy density for light trucks reaches 180Wh/kg, achieving industry-leading level of energy density. We offer batteries with a warranty of 1 million kilometers in 10 years for buses, enabling battery lifespan alignment with vehicle service life, showing an ultra-long lifespan. Our batteries can also maintain the energy efficiency at 85% in a -20°C low-temperature environment, and the charging time is reduced by 33% at -30°C, showing low-temperature performance;
- *Commercial value:* Our technological advantages deliver economic benefits in the field of commercial vehicles. For example, our megawatt-level fast charging technology enables heavy trucks to increase annual revenue by cutting downtime. For short-haul transportation, our ultra-fast replenishment combined with an extended range for long-haul routes results in substantial long-term fuel cost savings compared to costs for diesel.
- *Safety and intelligent protection:* Our battery systems pass the 300J impact test (exceeding national safety standards by two times) and the three-meter drop test (steel shield technology). Cloud-based BMS enables fault pre-warnings seven days in advance.

Construction machinery

We focus our research and development efforts on modules for construction machinery, aerial work platforms, and specialized equipment, aiming to meet the demands of high-load operations, all-condition adaptability, and full-lifecycle performance. Our solutions support the electrification of the construction machinery sector, with current applications primarily in loaders, forklifts, and aerial work platforms.

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- *Application scenarios for construction vehicles:* We utilize our proprietary top-and-bottom liquid cooling technology to meet all-temperature operating conditions, and our batteries have ultra-high strength and ultra-long lifespan, covering battery capacity requirements for conventional loaders and mining trucks;
- *Application scenarios for aerial work platforms:* We employ an integrated BDU, which saves design costs and significantly improves system reliability and space utilization, covering the application requirements of elevating and aerial work platforms.

LEV

The core values of our solutions lie in safety and economy:

- *Safety:* intrinsic safety (C46 series large cylindrical cells pass the new national standard needle penetration test); active protection (anti-tampering system prevents illegal modifications); passive defense (IP67 protection, enclosure rupture and water ingress detection, and alarm system);
- *Economy:* compared to lead-acid batteries, our cells offer a cycle life of 4,000 cycles (with capacity retention $\geq 70\%$), reducing the cost per cycle by 79%. Energy output per unit volume is doubled. LMX technology enables wide-temperature operation (-35°C to 60°C) and 1-hour fast charging, improving operational efficiency by 20%.

BMS technology for the power battery system

Through continuous R&D investment and technological innovation, we have established industry-leading BMS capabilities. Our BMS technology employs a platform-based architecture, enabling rapid adaptation to various application scenarios with different power systems and configurations. This technology features real-time voltage monitoring, accurate temperature and electric current detection, a comprehensive fault diagnosis and protection mechanism, and active bidirectional cell balancing technology to ensure cell safety and extend the overall lifespan of the battery system.

Our ESS batteries break the energy-time barrier, building a clean and better future together

Our rapid growth and leading market position in the ESS battery sector stem from our deep understanding and insights into energy storage technology.

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Key product advantages

Safety by design

Safety by design is our core philosophy and guiding principle. To ensure absolute reliability of energy storage systems, we have established a comprehensive, multi-layered triple safety protection system:

- *Intrinsic cell safety:* We employ a double-layer ceramic separator coating technology, which offers exceptional thermal stability, effectively preventing internal short circuits in cells under high temperatures, extending the time before thermal runaway by 40% and enhancing intrinsic safety.
- *Smart sensing technology:* Utilizing high-precision sensor chips, we monitor real-time parameters such as internal cell temperature, air pressure and internal impedance, which are critical to cell safety. Combined with algorithms, this technology precisely identifies sub-healthy batteries and issues an early warning 15 minutes in advance.
- *Precision fire protection:* The battery system incorporates a built-in fire suppression module within the battery pack, designed to enable rapid response in the event of thermal anomalies. Compared to conventional systems, it allows for earlier detection. It can achieve precise detection and positioning and single-point spraying for targeted fire extinguishing, ensuring timely and reliable fire response.

Long lifespan

Our ESS products can achieve a cycle life of over 10,000 times, leading the industry. To achieve ultra-long lifespan for energy storage systems, we focus on core technological innovations including the following:

- *Long cell life:* Advanced process design ensures ultra-uniform stress distribution within the cells, significantly extending the service life of the cells to over 10,000 cycles.
- *Thermal management design and operation strategy:* Through an innovative dual-sided liquid cooling (top and bottom) design and the thermal management control strategy, we reduce the maximum temperature and vertical temperature difference of a single battery cell by 5°C, and control the internal temperature difference of the battery pack within a very small range of 2°C. This technological advantage can greatly improve the cycle life (from 8,000 cycles to over 10,000 cycles) and safety of the energy storage system.

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- *Smart energy balancing technology:* Precisely identifies packs with voltage deviations and locates abnormal cells. Through active and passive balancing technology in the BMS, it increases the efficiency of recharging or power transfer. The system’s capacity utilization rate is increased by over 60 kWh, thereby extending the system’s cycle life.

These three pillars synergistically form an industry-leading long-life technology platform, securing a core competitive advantage in the long-cycle energy storage market.

Intelligence

We believe intelligence is the core direction for the future of ESS batteries. We are the first to integrate miniature sensors within each cell, enabling real-time self-diagnosis, autonomous state awareness, and proactive anomaly reporting. For the first time in the battery industry, the key physical parameters such as temperature and air pressure inside the cells have been visualized and digitized. Through continuous monitoring of the status of each battery cell and data traceability, we shift fault detection from the system level down to individual cells, significantly enhancing predictive maintenance and overall system reliability.

Large-format batteries

We pioneered the concept of large-format batteries in the field of energy storage technology and achieved mass production, using advanced technologies (including stacking technology) to expand internal space while improving safety. We have innovatively launched the Mr. Big ultra-large battery. By using ultra-high-capacity cells, we simplify the energy storage system, reducing the number of data collection points in a power station system of the same scale by half and cutting the full-life cycle operation and maintenance costs of energy storage power stations by 30%. In addition, our stacking technology boosts space utilization and material density while optimizing battery stress management, further enhancing the stability and reliability of the energy storage system.

- *CTP integration technology:* Cells are directly integrated into battery packs. Leveraging large-format cells, the power capacity of the battery box on the same structural platform is increased by 5%, reducing costs. The energy efficiency of the energy storage system is improved by 0.17%.
- *Modular system design:* Through standardized and modular design, we increase the energy density per unit area. For a 200MWh power plant, this reduces land use by about 5%.

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Comprehensive integration capabilities

Leveraging three core self-innovated proprietary technologies — EMS (Energy Management System), PCS (Power Conversion System), and BMS (Battery Management System) — we build outstanding capabilities in comprehensive integration and deliver overall solutions for energy storage systems.

Our EMS incorporates data analytics with millisecond-level grid-wide responsiveness, sensing in real-time the changes in power grid load, new energy generation power, and the state of energy storage. Guided by an intelligent decision engine, the EMS demonstrates precise charge and discharge operations maximize the economic value of every kilowatt-hour.

Our BMS features configurable bidirectional cell balancing. On the AC side, our proprietary PCS-BMS integration enables a string-type, AC/DC unified design with grid-forming capabilities. This design supports communication protocols compatible with 10+ global third-party integrated AC step-up cabins. It is applied in national-level demonstration stations.

Comprehensive energy storage application scenarios

As electrification gains momentum in the telecom ESS sector, we provide telecom base stations with high-cycle performance and cost-effective, tailored solutions. We are committed to advancing the electrification of telecom energy storage systems.

Beyond supporting new power systems, in the field of industrial and commercial energy storage, our ESS products are ideal for distributed power stations, industrial parks, smart buildings, communities, and solar-storage-charging hubs. Notably, they play a critical role in ensuring a stable power supply and rapid development of data centers that support AI and big data model operations.

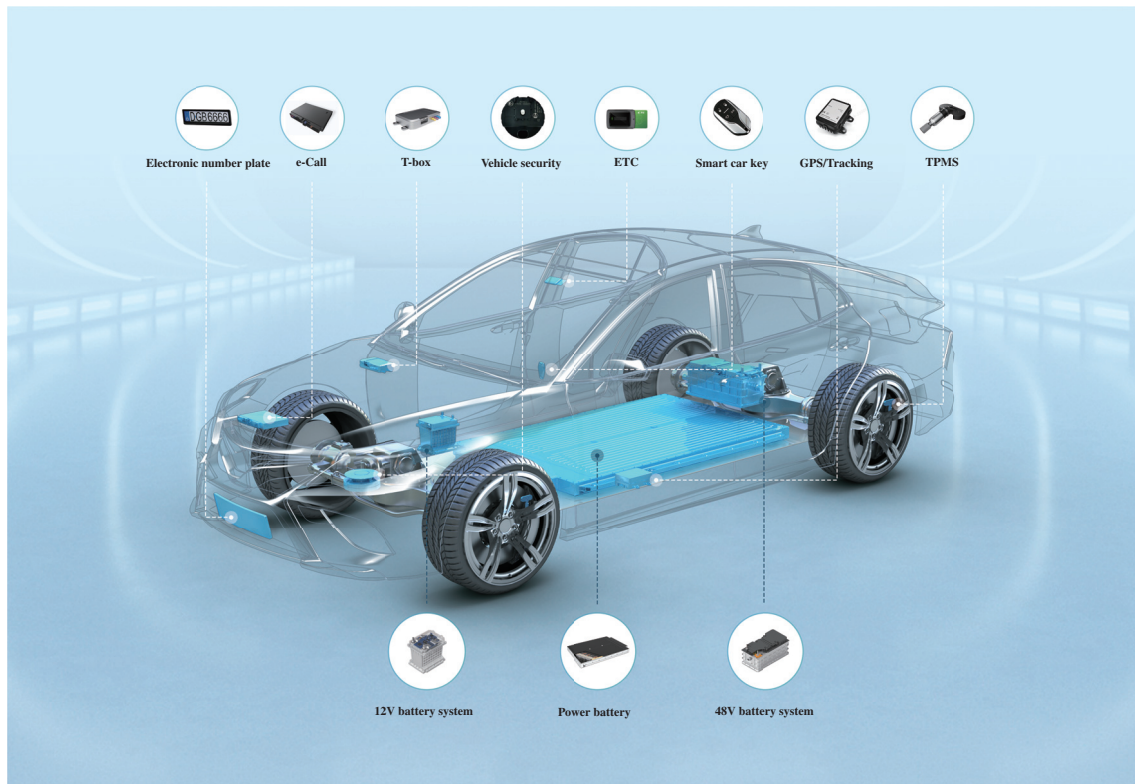
In the field of new energy vessels, our large prismatic cells technology is inherently suited for electric vessel propulsion, advancing green shipping. We were the second largest supplier of new energy vessel batteries globally by shipment volume in 2024. We received certification from the China Classification Society (CCS) as early as 2016. We contributed to shipping industry standards development and participated in multiple landmark projects: China’s first 2240kWh large pure-electric commercial passenger vessel, “Jun Lv”, launched in Wuhan; China’s first 5161kWh pure-electric harbor tugboat, constructed in Lianyungang; China’s first domestically designed and built 2,000-ton new-energy container and bulk cargo vessel (delivered in Changxing, Zhejiang), which was equipped with our 3,400 kWh LFP battery.

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We provide customers with a comprehensive package of battery solutions

Based on our deep understanding of the lithium battery industry, long-term insights into downstream application fields, and our rare industry-wide comprehensive use cases technology platform covering consumer battery, power battery and ESS battery applications, we possess the capability of “Omnicell Hub”.

For example, we are among the few companies capable of manufacturing most battery products used in an electric vehicle, including power batteries, low-voltage batteries, and automotive electronics. The following diagram shows our ability to provide a comprehensive package of solutions for automotive electronics users.



Forging Enduring Partnerships with Global Industry Leaders to Advance Technological Frontiers and Shape the Future of Innovation

Securing partnerships with top-tier customers across diverse application scenarios to create industry benchmark cases and drive scalable adoption

We have demonstrated the ability to maintain long-term partnerships with industry-leading customers, earning their continued trust and recognition. Through these enduring relationships, we have fostered synergistic growth and contributed to the advancement of the broader industry. We maintain long-standing, in-depth collaborations with all of the world’s top three power tool manufacturers, and our partnerships extend to over 80% of the world’s top 10 power tool manufacturers. In the new energy vehicle sector, we work with more than 60% of the world’s top 20 passenger vehicle suppliers, reflecting the depth and breadth of our global customer base.

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Customer strategy

We first prioritize the top-tier customers in a market by offering advanced, high-performance products, through which we establish stable and long-term cooperative relationships. This approach allows us to replicate our successful experience across a broader customer base, thereby cultivating a robust customer portfolio within each of our business segments. For instance, in the early stages of our power tool business, we formed deep, long-term partnerships with the world’s top three power tool manufacturers. These relationships enabled us to develop strong technological and product capabilities in the field, which in turn allowed us to quickly expand our customer base and establish partnerships with additional industry players.

Top-tier customer partnerships

Based on our in-depth exploration in the consumer battery, power battery and ESS battery sectors, we have established an extensive network of renowned customers.

- Our consumer battery customers include Samsung, Stanley Black & Decker, Bosch, Xiaomi, S.F. Express, Smoore, Desay SV, Dreame, Chervon, Baseus, Greenworks and Baolong, among others.
- Our power battery customers comprise:
 - o Passenger vehicle sector: BMW, Mercedes-Benz, Jaguar Land Rover, Hyundai Kia, GAC Group, FAW Group, Changan Automobile, XPeng, Leapmotor, among others;
 - o Commercial vehicle sector: SANY Heavy Truck, Farizon Auto, Foton, Dongfeng Commercial Vehicle, Chery Commercial Vehicle, among others;
 - o Construction machinery sector: Zoomlion, LiuGong Group, LGMG Group and Hangcha Group, among others.
- Our ESS battery customers include China Mobile, Wärtsilä, ABB, Delta Electronics, HyperStrong, Zhejiang Jinko, AlphaESS, Goldwind, Jiangsu Linyang, China Southern Power Grid, and China Tower, among others.

Long-term stable partnerships

We are dedicated to creating value for our customers, earning their trust and support through long-term, in-depth, and mutually beneficial partnerships with renowned industry leaders. The strength of these relationships has been consistently affirmed by the receipt of numerous prestigious customer awards, reflecting our commitment to excellence and customer-centric innovation.

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- Jaguar Land Rover’s 2025 JLRQ Global Excellence Award in Quality — the highest honor in Jaguar Land Rover’s Global Supplier Performance Management System
- Dongfeng Commercial Vehicles’ 2024 Most Promising Partnership Award
- Xiaomi’s 2024 Best Partner Trophy
- XPeng’s 2023 Outstanding Supplier Award
- A full-score rating for supplier satisfaction from international leading automakers for years

Benchmark collaboration cases

We grow together with our customers through mutual collaboration. Through our innovative solutions, customers can optimize their products to gain profits, while simultaneously creating broader market opportunities for us.

- In the consumer battery sector, by analyzing the diverse needs and product characteristics of a leading power tools customer, we leveraged our technological expertise and market experience to proactively propose multiple innovative solutions tailored to their product features. For example, historically, the customer’s products mainly used 18650 batteries. Noticing its demand for longer battery life, we recommended 21700 batteries and cylindrical LFP cells to the customer. This helped its products achieve better battery life and cost-effectiveness, making the products more flexible to use and more popular in the market.
- In the power battery sector, our large cylindrical cells have become the batteries of launch for the next-generation electric vehicle models of a top international automotive company. These cells have been mass produced and installed in over 60,000 vehicles, demonstrating stable and reliable performance. The maximum mileage recorded by a single vehicle using our battery has exceeded 200,000 kilometers, enabling our customers to upgrade their products and deliver enhanced safety, extended range, and faster charging capabilities — ultimately creating a superior driving experience for consumers.
- In the ESS battery sector, our 628Ah ultra-high-capacity cell, Mr. Big, achieved mass production in December 2024. It is the industry’s first cell with a capacity of over 600Ah to be launched and mass-produced. The Mr. Giant 5MWh system makes power station operation and maintenance easier, effectively reducing the labor operation and maintenance costs over the entire life cycle of the power station and creating tangible long-term benefits for the owners. As of May 2025, the demonstration project of Mr. Giant in Jingmen, Hubei, has been operating stably for over 10 months, with an efficiency of over 95.5%, maximizing the value of every kilowatt-hour of electricity.

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Ability to serve the diverse needs of customers:

Our long-term partnerships with top-tier customers are a strong testament to our cutting-edge technological capabilities and advanced manufacturing expertise. These strategic collaborations not only deliver stable and recurring economic returns but also open new opportunities to expand our business across a wide range of application scenarios. Given the breadth of our customer base across multiple industries, we are exposed to diverse and evolving customer needs. Over time, as our technical capabilities and product quality gain recognition, we often experience follow-on demand for a broader scope of products. For example, we supply our automotive customers with both automotive electronic batteries and power batteries.

CLS Model

The CLS model is our innovative global business cooperation model, reflecting our values of mutual collaboration with customers. Through the CLS model, we collaborate with global partners to jointly promote technological progress and sustainable development in the industry. Under this model, we focus on light-asset operations, reducing overseas investment risks through technology licensing and service support while empowering customers and creating stable revenue streams. For example, in an overseas joint venture project, we helped partners enhance production capacity and technical capabilities through the CLS model while obtaining technology licensing fees. This model further consolidates our competitiveness in global markets.

Additionally, the CLS model creates a harmonious business environment through win-win cooperation, effectively mitigating international trade risks and enhancing our reputation in the global industry. We integrate the “synergistic growth” concept into our business strategy, supporting industry technological advancement and working with customers to build a sustainable future while ensuring data security and intellectual property protection to achieve both economic benefits and social value enhancement.

Committed to Technological Innovation and Independent R&D to Develop Globally Competitive Reserves of Advanced Technologies

We possess a leading multidimensional R&D system and innovation capabilities

Multidimensional R&D system

Based on electrochemical theory and centered on battery technology, we have established a leading multidimensional R&D system. Through the setup of seven research institutes, we have formed an interdisciplinary R&D team encompassing electrochemistry, materials, mechanical engineering, electronics & electrical engineering, simulation, and other fields, with over 6,000 R&D personnel covering the development and implementation of cutting-edge technologies and new products. Our strategically deployed R&D system covers the entire industrial chain from lithium battery raw materials, lithium battery production and

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manufacturing to application scenarios, enabling rapid transformation from theory to practice when addressing emerging application scenarios. Moreover, it allows us to proactively identify pain points in application scenarios and propose differentiated solutions, facilitating product iteration in downstream industries.

Synergy in lithium battery technology R&D across a comprehensive range of use cases

We possess complete technological reserves in consumer batteries, power batteries, and ESS batteries. By establishing comprehensive use cases lithium battery service capabilities, we achieve technological synergy and complementary advantages across these fields. For instance, our over 20 years of R&D and manufacturing experience in primary lithium battery cylindrical systems has played a leading role in subsequent large cylindrical cell R&D. The longevity requirements in consumer applications have driven us to develop battery lifespan simulation models and prediction mechanisms, which can be replicated in our research for power batteries and ESS batteries. Meanwhile, our research in smart battery technology not only integrates the technical advantages of primary lithium batteries as independent power sources, but also enhances their synergy with power batteries and energy storage systems, promoting innovation and implementation of multi-scenario battery solutions.

We Continuously Develop Cutting-edge Technologies to Meet Next-generation Application Requirements

We actively explore the concept of “higher, faster, safer, and more environmentally friendly” to continue product development and strategic planning, possessing industry-leading technological reserves.

Energy density

In the high specific energy direction, we have achieved important breakthroughs in the research and development of silicon-carbon anodes and lithium metal anodes. Products based on silicon-carbon anodes have achieved an energy density of 400Wh/kg with a cycle life exceeding 1,000 cycles; products based on lithium metal anodes have broken through 450Wh/kg, supporting high C-rate discharge requirements above 5C. Products with 600Wh/kg are also under simultaneous development, which will further meet the demand for ultra-lightweight, high-density products in UAV and consumer electronics. Currently, the energy density of mainstream LFP batteries in the industry is 140-200Wh/kg, and that of ternary lithium batteries is 180-300Wh/kg. Therefore, our research in high-specific energy significantly leads the industry’s common products.

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Fast charging

We have currently achieved 6C ultra-fast charging capability, supporting batteries that can charge from 10% to 80% in nine minutes. Simultaneously, we have made new breakthroughs in fast-charging technology, introducing ultra-fast-charging batteries that support charging from 10% to 80% in seven minutes, with cell energy density reaching 340Wh/kg and cycle life exceeding 1,500 cycles, while maintaining no degradation in fast-charging capability after 1,000 charges.

Safety

Through innovations in liquid cooling and separator coating design, as well as improvements in battery management systems, we have enhanced the temperature stability and safety of our products. In the field of all-solid-state batteries, we have achieved a technological breakthrough with room-temperature 1C cycling showing no degradation after 1,000 cycles, and developed a stable all-solid-state battery system that supports 1,800 cycles at 45°C. We will continue to develop batteries that combine high performance with non-combustible characteristics.

Environmental sustainability

We are actively developing truly zero-carbon sodium-ion batteries, using biomass anode materials and sodium iron pyrophosphate cathode materials, combined with non-fluorinated or reduced-fluorination electrolyte technology. These batteries not only achieve over 10,000 cycles but also significantly reduce carbon emissions throughout their entire life cycle, contributing to sustainable development.

Our Deep Engagement in Industry Standards Development

We actively fulfill our social responsibilities and mission as a technology-driven lithium battery enterprise by deeply engaging in the development of industry standards. We collaborate with industry peers to jointly promote the formulation and implementation of such standards. Since 2012, we have been continuously involved in the drafting and revision of external standards. As of December 31, 2024, we have participated in the release of 102 external standards, including 21 national standards and 12 industry standards. We have taken part in and led the formulation of standards such as the Electrical Performance Requirements and Test Methods for Power Batteries Used in Electric Vehicles (《電動汽車用動力蓄電池電性能要求及試驗方法》), Safety Requirements for Lithium Batteries and Battery Packs for Electrical Energy Storage Systems (《電能存儲系統用鋰電池和電池組安全要求》), and Safety Requirements for Lithium Batteries (《鋰電池安全要求》), making a significant impact within the industry.

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Our Multidisciplinary, Highly Collaborative R&D Team

We have established one central research institute and six specialized research institutes, forming a multidisciplinary and integrated R&D team that encompasses electrochemistry, materials, mechanical engineering, electronics and electrical engineering, and simulation. With a team of over 6,000 R&D personnel, we cover the development and implementation of cutting-edge technologies and emerging products. As of the Latest Practicable Date, we hold a number of granted patents and are undertaking 25 national-level projects. Five of our invention patents have been awarded the “China Patent Excellence Award” by the China National Intellectual Property Administration. We have twice received the “First Prize of the Guangdong Provincial Science and Technology Awards”, and once received the “First Prize of the Science and Technology Invention Awards” by the China National Light Industry Council. In addition, we have been successively approved as the “National and Local Joint Engineering Research Center for Key Technologies and Materials of Lithium Batteries,” a “Postdoctoral Research Workstation,” a “Nationally Recognized Enterprise Technology Center,” and a “National Intellectual Property Model Enterprise.” In 2024, we were honored with the Second-Class National Science and Technology Progress Award granted by the State Council.

Establishing Advanced Smart Manufacturing Facilities to Build a Globally Competitive Lithium Battery Brand

Leveraging over two decades of technological accumulation and extensive experience in lithium battery manufacturing, we have made significant achievements in smart manufacturing. We are comprehensively advancing the systematic development of digitalized R&D, digital management, and digital manufacturing to build world-class, highly efficient smart factories. Our smart factories have been included in the inaugural list of excellent smart factory projects by the Ministry of Industry and Information Technology.

Our technological advantages include:

- ***Smart factories empowered by EMES2.0:*** Our EMES2.0 (EVE Manufacturing Execution System 2.0) adopts a “structured process” configuration and is deeply integrated with lithium battery manufacturing workflows, enabling end-to-end process coordination. Based on standardized factory modeling, it allows for rapid, high-quality horizontal replication across domestic and international sites.
- ***Group-wide management via “Three-Tier Management Cockpit”:*** Through a three-level command structure of “BG — BU — Factory,” we have achieved digital management of group-wide manufacturing operations, breaking through traditional hierarchical models. The management scope spans 10 sites and 46 factories, with data drilling down to the production line/equipment level. It enables automatic data collection, push notifications, early warnings, and accountability.

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- ***Efficient smart workshops powered by “IoT + AI + Andon”:*** We conduct real-time prediction and control of equipment anomalies, quality anomalies, environmental anomalies, and dynamic operational outcomes across four key dimensions on the workshop floor: production management, equipment status, quality status, and environmental status. This has led to a flatter and more agile workshop organization.
- ***Visualized factory enabled by “Digital Twin Factory”:*** By integrating “3D modeling + IoT” technologies, we have built a visualized digital twin factory that enables orderly management of logistics vehicles, avoids AGV idling or queuing, enables rapid fault equipment location and remote diagnostics, provides real-time fire warnings for hazardous chemical/static storage areas, and supports VR training and AR inspections. The Digital Super Factory in Jingmen has been officially recognized by Hubei Provincial Department of Economics and Information Technology as a “Digital Twin Factory.”

Full lifecycle digital management system

Through years of development, we have established a large-scale model encompassing all production elements, enabling the prediction and validation of technical indicators, thereby improving quality and efficiency throughout production. At the same time, we have built a comprehensive quality traceability system covering the entire process from raw material input to product shipment, ensuring full lifecycle traceability of our products.

Lithium battery manufacturing synergy across a comprehensive range of use cases

We possess the capability to manufacture lithium batteries across all product scenarios, enabling technical interconnectivity and synergistic development across our product lines. In the production of power battery products, we have accumulated experience in high-precision manufacturing and stringent environmental standards. Based on this, we have extended relevant manufacturing and management technologies to the production of consumer and ESS batteries, thereby optimizing and enhancing production processes across all lithium battery segments. At the same time, leveraging the rigorous control standards developed in primary lithium battery production with respect to moisture, dust, and burrs — such as maintaining a dew point of below -40°C and controlling dust levels to Grade 5 — we have applied these high standards to the production of lithium-ion and power batteries. This cross-product-line technical synergy significantly improves process consistency and product reliability.

Developing Global Business Operations to Advance Our International Strategy

Global manufacturing

We possess global manufacturing capabilities, with our deployment primarily centered around upstream and downstream resource integration. As of the Latest Practicable Date, we operate eight manufacturing bases and have two manufacturing bases under construction worldwide. Domestically, our capacity layout spans Huizhou, Hubei, Jiangsu, Sichuan, Yunnan, and Zhejiang. Internationally, we were among the first in the industry to implement

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a global manufacturing strategy. We have established a manufacturing base in Malaysia and are actively advancing the construction of our manufacturing base in Hungary. Our Malaysian battery production facility commenced mass production in 2025, marking our first overseas manufacturing base to achieve mass production and delivery. This facility plans to produce a full range of products in the consumer battery, power battery and ESS battery sectors. Our manufacturing base currently under construction in Hungary is expected to have a production capacity of 30 GWh, with production expected to commence in 2027, enabling us to better serve customer orders across Europe and paving the way for our future international business expansion. By advancing the development of our overseas manufacturing bases in Malaysia and Hungary, we have established a solid presence in Asia while extending our service reach worldwide. This enables us to provide globally competitive lithium battery solutions covering comprehensive use cases and contributes to the advancement of global green and sustainable development.

Global collaboration

Through our CLS global collaborative management model, we build an international industrial synergy network via technical support, joint R&D, and service assistance, effectively enhancing our industry chain deployment and driving continuous technological iteration. The CLS global collaborative management model adopts an asset-light approach in partnership with global collaborators, generating revenue for us while fostering mutual growth with our partners. This has led to a cooperative, win-win ecosystem and a sustainable path for long-term development. Through global collaboration, we have realized synergies in technology licensing, market expansion, and resource integration, thereby providing strong strategic support for our global business expansion.

Global services

We have established a sales and after-sales service system capable of supporting customers worldwide. By staying close to our customers and responding promptly, we continuously enhance our global service capabilities. As of December 31, 2024, we had established sales offices and branches in seven countries and regions worldwide, as well as after-sales service centers in 18 countries and regions, enabling us to efficiently connect with global customers and provide high-quality lithium battery solutions covering comprehensive use cases.

Building a Closed-Loop Ecosystem Across the Entire Industry Chain to Become a Full Lifecycle Manager of Lithium Battery Manufacturing

We actively deploy across the upstream and downstream segments of the industry chain to ensure the security of supply and cost control of key battery materials. At the same time, this deepens our understanding of lithium battery material systems and facilitates product iteration. We have now established a comprehensive industry chain layout spanning from nickel, cobalt, and lithium resources to battery materials, battery production, recycling, and remanufacturing. We are continuously advancing in-depth strategic cooperation with upstream players. Through joint ventures, acquisitions, and equity investments, we have achieved a rare full industry chain

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coverage from mineral resources to lithium battery materials. We strengthen the supply of critical nickel and cobalt raw materials through the Huafei Nickel-Cobalt Project in Indonesia by our associate, PT. Huafei Nickel Cobalt (“**Huafei**”).

We actively respond to the green development strategy by building a sustainable circular economy system encompassing “battery manufacturing — battery use — battery recycling — regenerative utilization — material regeneration” through technological innovation and industrial deployment. We were awarded the First Prize of the Science and Technology Progress Award by All-China Environment Federation in 2025, and officially launched the “EVE Energy Global Lithium Battery Recycling Platform” in June 2025.

Visionary Management Team and Distinguished Scientists Driving Our Global Competitiveness

Our founder, Dr. Liu Jincheng, is a prototypical entrepreneur with both top-tier academic achievements and forward-looking strategic vision. He studied under Professor Zha Quanxing, a founding figure in electrochemistry and a renowned academician of the PRC Academy of Sciences known for his groundbreaking work in electrode process dynamics. Dr. Liu Jincheng has been deeply engaged in the battery technology field for nearly 40 years. As a senior expert and certified senior engineer in the battery industry, he is a recipient of the special allowance of the State Council and serves as an adjunct professor and board member at Wuhan University. Over the course of his career, he has received numerous prestigious honors, including the Second Prize for Scientific and Technological Progress from the Ministry of Machinery and Electronics Industry (國家機械電子工業部), the China Excellent Patent Award, and the First Prize for Scientific and Technological Progress in Guangdong Province. In the course of driving our global growth and expansion, Dr. Liu Jincheng has played a critical role through his outstanding strategic insight, precise grasp of industrial dynamics, and deep, accumulated industry experience. Since our conception in 2001, Dr. Liu Jincheng has overseen all aspects of strategic planning. He personally led the team to break foreign monopolies in primary lithium battery technology, initiated multiple technology pathways, and provided full-spectrum, full-product power battery solutions. He also pioneered directions for cost reduction and optimization in energy storage systems, promoting a shift in the industry from price-based competition to performance-driven development.

Under Dr. Liu Jincheng’s leadership, we have brought together a team of top-tier industry experts and built a robust talent matrix that continues to fuel our innovation-driven growth. Dr. Ai Xinping is a professor and doctoral advisor at the College of Chemistry and Molecular Sciences, Wuhan University. His research has long focused on anode and cathode materials, safety technologies, and high-specific energy technologies relating to lithium-ion batteries. He has published over 80 academic papers. Ms. Zhu Yuan has been dedicated to lithium battery technology for nearly 20 years. She has led R&D teams to solve numerous technical challenges, filed over 260 patent applications, and undertaken the development of three national standards. She has completed four projects above the provincial and ministerial level, achieved the commercialization of five scientific and technological achievements, and seen seven of her products recognized as provincial-level high-tech products. She has been honored with the Provincial Excellent Patent Award, the Provincial First Prize for Scientific and

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Technological Progress, and numerous other accolades. In addition, as project leader, she helped establish a laboratory for key technologies and materials for lithium batteries and has published multiple papers in related fields.

We consistently uphold a distinctive talent development philosophy and actively recruit outstanding professionals in fields such as new energy, chemistry, and electronic information. Internally, we have built a comprehensive training system and established a dedicated research and training academy. Tailored, diversified career advancement pathways are in place for different role types, providing employees with broad opportunities for growth and promotion. This strong talent matrix not only reinforces our leading position in the industry but also provides a solid foundation for sustained innovation and global development. Under the leadership of our management team, we have steadily expanded our presence in the domestic market while actively pursuing international market opportunities, continuously enhancing our global competitiveness in the lithium battery sector.

OUR STRATEGIES

Deepening Our Global Strategy through Strategic Capacity Expansion to Meet Worldwide Customer Demand

We will continue to implement our globalization strategy of “Global Manufacturing, Global Collaboration, and Global Services,” accelerating the international industrial layout. With a focus on deepening localized operations and responding rapidly to customer needs, we aim to expand into and firmly establish ourselves in overseas markets.

In Europe, we have invested in the construction of the Hungary Project in Debrecen, Hungary, which will supply a top global automotive customer with large cylindrical cells for passenger vehicles and is expected to commence production in 2027. This project will significantly enhance our delivery capabilities in the European market. In Asia and other global markets, we plan to develop our Malaysian facility into a multi-scenario lithium battery manufacturing base with global reach, and continue expanding its production capacity. In another overseas joint venture project, we helped our partners enhance production capacity and technical capabilities while obtaining technology licensing fees. By leveraging our global supply chain layout, we will continuously enhance supply chain stability and cost efficiency, thereby strengthening our global business competitiveness.

In addition, we have established a comprehensive, multi-tiered overseas talent development system to empower both expatriate and local teams. Through customized training programs, professional skills development plans, and cross-regional exchange platforms, we are continuously internationalizing our workforce — cultivating global vision and cross-cultural adaptability — to provide robust talent support for our global market expansion.

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Increasing R&D Investment to Continuously Enrich Cutting-Edge Technology Reserves and Broaden Product Applications

We will remain committed to R&D and technological innovation-driven growth, continuing to enhance our reserves of cutting-edge technologies and extend our product portfolio.

We will continuously increase R&D investment with a focus on emerging application scenarios and a deep commitment to core technological innovation. In key sectors such as power tools, robots, low-altitude economy, and medical batteries, we will further optimize product performance and enhance the diversity and adaptability of our technical solutions. For example, we will continue to develop products with high energy density, high power output, and ultra-fast charging capabilities, delivering innovative battery solutions for eVTOL aircraft and UAVs to advance the low-altitude economy. In the medical field, we are the only company in China with R&D capabilities for implantable medical device batteries, and we will continue to invest in developing high-performance, high-reliability, and long-lifespan battery solutions for medical applications. Going forward, we will continue advancing all-solid-state batteries and food-grade safe batteries for atomizers, comprehensively meeting consumer market demand for high-performance batteries.

In terms of solid-state battery technology, we have already established R&D efforts around lithium-metal secondary batteries and solid/semi-solid-state batteries to meet future demand in mid-to-high-end consumer battery, power battery and ESS battery markets. Our all-solid-state batteries have completed the development of small pouch cell assembly processes, and a pilot production line with a capacity of 100 MWh is expected to be operational in 2025. We plan to launch high-power solid-state batteries primarily for hybrid electric vehicles and gradually achieve commercialization of high-specific energy all-solid-state batteries with energy density reaching 400 Wh/kg.

In the field of ESS batteries, we will continue to focus on large prismatic batteries, developing and mass-producing new large-format ESS batteries, and offering comprehensive solutions from cells to BMS. These will be applied across grid, commercial and industrial, and residential ESS scenarios, further solidifying our leadership in the energy storage market.

Looking ahead, we will continue to strengthen our R&D capabilities and enrich our technological reserves in areas such as long lifespan and ultra-long lifespan and high energy density research. This will ensure our sustained technological leadership across consumer batteries, power batteries, and ESS batteries. Meanwhile, we will actively promote the standardization of the industry, facilitate the large-scale application of relevant technologies, and contribute to sustainable development and the creation of social value.

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Driving Growth through Global Collaborations

We plan to further drive our international market expansion through the CLS global collaborative management model, embedding ourselves more deeply in overseas markets and building deep-rooted relationships with local customers through a “synergistic growth” approach. Through technology licensing, joint R&D, and service support, we will help our partners enhance their production capabilities and technical standards. At the same time, by leveraging the CLS model’s asset-light nature, we will effectively mitigate overseas investment risks. This model enables us to empower our customers while generating stable returns and further strengthening customer relationships and market competitiveness. It also allows us to effectively mitigate international trade risks and enhance our global industry reputation.

OUR BUSINESS MODEL AND PRODUCTS

We are one of the few companies globally dedicated to the research and development, production, and sales of (i) consumer batteries, (ii) power batteries, and (iii) ESS batteries. The use cases of our products extend comprehensively across land, sea, and air. We have operated in the lithium battery industry for over 20 years, possessing strong capabilities in technological research and development. Since our inception, we have continuously led efforts to explore cutting-edge technologies in the lithium battery field and made various contributions to the industrialization of advanced technologies.

Below sets forth an illustration of our comprehensive product offering, showcasing key products from each of our product categories:



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The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
<i>(RMB in thousands except for percentages)</i>						
Consumer batteries	8,513,451	23.5%	8,362,121	17.1%	10,322,161	21.2%
Power batteries	18,250,702	50.3%	23,983,868	49.2%	19,167,242	39.4%
ESS batteries	9,432,103	26.0%	16,340,210	33.5%	19,026,922	39.1%
Others ⁽¹⁾	107,692	0.2%	97,388	0.2%	98,232	0.3%
Total	36,303,948	100.0%	48,783,587	100.0%	48,614,557	100.0%

Note:

(1) Primarily includes interest income from loans to an associate.

The following table sets forth a breakdown of our sales volume and average selling prices by product categories for the years indicated:

The following table sets forth a breakdown of our sales volume by product type for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Sales Volume			
Consumer batteries (billion units)	1.2	1.5	2.1
Power batteries (GWh)	17.1	28.1	30.3
ESS batteries (GWh)	11.9	26.3	50.4

The following table sets forth a breakdown of our average selling price by products for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Average Selling Price			
Consumer batteries (RMB per unit)	6.9	5.7	5.0
Power batteries (billion RMB per GWh)	1.1	0.9	0.6
ESS batteries (billion RMB per GWh)	0.8	0.6	0.4

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For a detailed analysis of our sales volume and average selling prices, see “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Sales Volume and Average Selling Price.”

Consumer Batteries

We launched our consumer battery business in 2003. We are a pioneer in the development, production and sales of consumer batteries in China and have enjoyed a first-mover advantage by virtue of our extensive experience gained from primary lithium battery production. We have since expanded into multiple market verticals, establishing business relationships with renowned market players across these industries, including Samsung, Smoore, Xiaomi, S.F. Express, BOSCH and Chervon.

According to Frost & Sullivan:

- We were among the top three global suppliers and second-largest Chinese supplier of consumer batteries by shipment volume in 2024, with a market share of 11.7%;
- We were the largest global supplier of primary lithium batteries by shipment volume in 2024, with a market share of 31.1%;
- We were the second-largest global supplier and largest Chinese supplier of cylindrical consumer batteries by shipment volume in 2024, with a market share of 34.3%;
- We are the first company in China to achieve mass supply of batteries for TPMS.

Our consumer battery products primarily comprise primary lithium batteries, small lithium-ion batteries, and cylindrical cells. Our consumer battery products offer numerous distinguishing features such as high reliability, high energy density, long lifespan, wide operating temperature range and high power output. The customers of our consumer batteries mainly operate in the consumer and industrial sectors, and cover a wide range of vertical markets, including traditional areas such as smart meters, power tools and automotive electronics. We are also innovating our consumer battery solutions for emerging areas such as IoT, low-altitude drones, robots and medical devices. In this era of digital transformation, our consumer batteries enable the Internet of Everything.

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The table below sets forth certain details of our consumer battery products:

Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
Primary lithium Li-SOCl ₂ batteries . . . batteries		• Wide operating temperature range: -60°C/+85°C, up to +150°C via special design • High specific energy density: 650Wh/kg • Long lifespan • High and stable voltage: nominal voltage is 3.6V; stable operating voltage • Low self-discharge rate: less than 1% after one year storage at +20°C	• Smart meters • Everyday electronics • Automotive electronics • IoT • Smart security
Li-MnO ₂ batteries		• Super high C-rate discharge capability: maximum pulse current up to 4,000mA • High capacity: nominal capacity up to 3,000mAh, specific energy up to 400wh/kg • Low self-discharge rate: annual self-discharge rate < 1% • Long lifespan • High safety and reliability • Ultra-wide operating temperature range: cylindrical type (-40°C~+85°C), coin type (-40°C~+150°C), pouch cell (-40°C~+60°C)	• Smart meters • Everyday electronics • Automotive electronics, such as TPMS • IoT • Smart security • Medical devices

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Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
SPC		• Instant large current discharge ability: as high as 10C pulse discharge current at extreme temperature • Ultra-wide temperature range of pulse discharge: -45°C~+90°C • Extremely low self-discharge: leakage current is less than 5μA • mΩ level DCIR: very low direct current (DC) internal resistance • High safety and reliability: UN38.3, UL1642, AEC-Q200 • Long lifespan	• Smart meters • Everyday electronics • Medical devices • Smart transportation ETC • Smart logistics tracking systems
Small lithium-ion batteries . Pouch cells		• High power capability: up to 30C discharge • Outstanding fast charge performance: 3-10C fast charge capability • Long cycle life • High safety: capable for UL1642, IEC62133, CQC, KC, PSE, BIS, UN38.3, battery directive and REACH	• Electronic atomizer • Smart wearables • Smart speaker • Portable printer • Stylus • Tablet PC

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Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
Bean cells		• Long duration: 1 minute of charging provides 1 hour of music playback • Long lifespan • Fast charging: 1~10C fast charging	• TWS headsets • Hearing aids
Pin-type batteries		• Ultra-compact size: Extremely small diameter of just 3mm • High discharge: Supports 5C continuous discharge and 10C pulse discharge • Fast charging: Enables 5C charging, reaching 80% state of charge (SOC) in just 9 minutes • Long cycle life: Delivers up to 1,000 cycles at 5C charging/discharging • High safety: Supports overcharge tolerance of 5C at 5V	• Stylus • OWS earphones

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Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
Prismatic steel-case batteries		• High energy density: 5-10% higher volumetric energy density compared to pouch cells of the same size • Long cycle life: Achieves 1,000 cycles at room temperature • High safety: Features a high-strength casing capable of withstanding greater impact forces • Dimensional stability: Resistant to deformation with excellent size consistency • Efficient thermal diffusion: Generates less heat during cycling, ensuring lower temperature rise • Good replaceability: Easy to disassemble and replace, promoting environmental sustainability • Strong adaptability: Facilitates the design of irregularly shaped batteries, maximizing terminal space utilization	• Smart glasses • Smart watch • Smartphone

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Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
Cylindrical cells 18650 21700		• High-energy density: up to 285 Wh/kg • High C-rate discharge: capable of maximum 50A continuous discharge, and 100A at pulse discharge • Fast charging: up to 8A charging • Long cycle life at room temperature • High safety: passed CB, UL1642, UN38.3 • Excellent high temperature and low temperature cycle performance: between -20°C~80°C	• Power tools • Gardening tools • Robots • Outdoor ESS • Outdoor portable power station • Low-altitude drones • eVTOL flying car • BBU

The following diagram shows the main use cases of our consumer battery products:



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Power Batteries

We began our power battery business in 2015 with the introduction of our passenger vehicle battery products. We expanded our footprint overseas and entered Europe’s EV market in 2019, becoming a designated supplier for BMW and Mercedes-Benz. Domestically, we have established business relationships with emerging top EV players such as XPeng and Leapmotor. With our launch of Open-source Battery v2.0 in 2024 and Open-source Battery v3.0 in 2025, we continue to expand our market share and strengthen our leading position in the industry.

According to Frost & Sullivan:

- We were among the five largest PRC power battery suppliers by global shipment volume in 2024;
- We were the second largest global supplier and largest Chinese supplier of 46 series large cylindrical cells by shipment volume in 2024; and
- We were the first in China to mass-produce and supply large cylindrical cells for EVs.

According to the China Automotive Battery Innovation Alliance, we were the second largest supplier of power batteries for commercial vehicles in the PRC market by shipment volume in 2024.

Our power battery products primarily comprise lithium iron phosphate batteries, Ternary NCM batteries and Pack, marked by standout features such as fast and ultra-fast charging, low temperature performance, high energy density, high power output, extended range and long cycle life. Our products are mainly used in new energy passenger vehicles, new energy commercial vehicles and new energy construction machinery.

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The table below sets forth certain details of our power battery products:

Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
LFP batteries. . . Prismatic LFP cells		• Ultra-safe: explosion-proof; no leakage • High stability: low IR/high CR/steady discharge • Customizable based on customer demand • Ultra-long life cycle • Environmentally friendly: passed certain environmental certifications	• New energy passenger vehicles • New energy commercial vehicles • Light-duty power solutions • New energy construction machinery
Cylindrical LFP cells		• High safety • Long cycle life: Supports up to 6,000 cycles • High specific energy: 200 Wh/kg • High power output: 16C discharge rate • Excellent fast-charging performance	• New energy passenger vehicles • Light-duty power solutions

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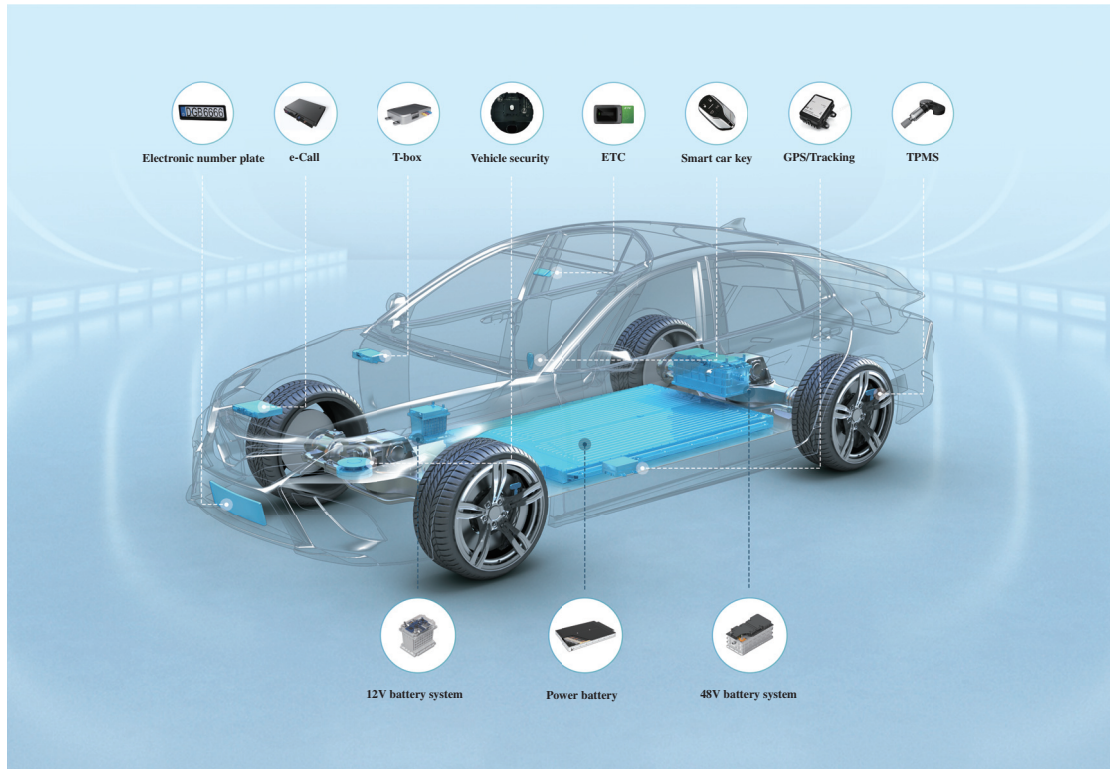
Product Name		Product Illustration	Key Features and Specifications	Main Use Cases
Ternary NCM batteries . . .	Cylindrical NCM cells		• High energy output and long life: new generation electrode material, cell structure suitable for CTP and CTC design, greatly improves vehicle range • Innovative structure design: full tab structure JR, low internal resistance • Ultra-fast charging: charges 80% in 9-20min	• New energy passenger vehicles
	Prismatic NCM cells		• High performance consistency • Ultra-safe: explosion-proof, anti-short circuit structure design and high safety isolation separator coating process, high safety performance • High stability: low IR, low temperature rise, good environmental adaptability • Long cycle life • Environmentally friendly: passed certain environmental certifications	• New energy passenger vehicles • 48V systems for micro-hybrid passenger vehicles

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Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
Pouch NCM cells		• High performance consistency throughout the battery lifecycle • Low impedance • Long cycle life • High safety: Aluminum-plastic film flexible packaging structure, good safety margin performance • Wide operating temperature range • Customizable size • Environmentally friendly: meet GB, UN, ROHS certification requirements	• New energy passenger vehicles
Pack		• High safety and stability • Integrated liquid cooling system, precise temperature control • Efficient grouping, doubling battery life	• New energy passenger vehicles • New energy commercial vehicles • New energy construction machinery

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Below sets forth an illustration of the main use cases covered by our battery products in automobiles:



Power Battery BMS

Although not a separate business unit, the battery management system (BMS) is an integral part of our battery products. BMS acts as the “control center” of the battery system, continuously monitoring battery status, regulating charging and discharging, and preventing risks such as overheating, overcharging, over-discharging, and cell imbalance. This ensures the safety, optimal efficiency, and maximum lifespan of the battery.

We have consistently prioritized investment in BMS-related R&D. Currently, we have assembled a research team of over 400 members and established R&D and application centers in Huizhou, Wuhan, Shanghai, and Munich, Germany. Through ongoing technological innovation, we have developed a total of 14 platform products, covering voltage ranges from 12V to 1500V for various application scenarios. Key technical features include:

- *High safety protection standards:*
 - *Voltage monitoring ($\pm 1.0mV$):* Captures cell anomalies with millivolt-level precision, significantly reducing the risk of thermal runaway. This ensures that even minor irregularities in individual cells are detected early.

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- *Temperature management ($\pm 2.0^{\circ}\text{C}$):* Temperature anomalies are a primary cause of battery incidents. Our BMS precisely monitors module temperatures, working with thermal management systems to fortify safety defenses. By maintaining precise control over temperature, the system minimizes the risk of overheating, enhancing the safety and reliability of our batteries.
- *Comprehensive fault diagnosis and protection mechanisms:* Analyzes system status comprehensively and takes millisecond-level protective actions when necessary. This feature ensures the battery system can respond instantly to faults, reducing downtime and preventing damage to the system.
- *High performance and efficiency:*
 - *Current detection ($\pm 0.1\%$):* Provides critical data support for state of charge (SOC) estimation, energy consumption optimization, and range prediction. Accurate current detection allows for precise battery usage monitoring, improving energy efficiency and helping users enhance mileage for EV users.
 - *Platform-based architecture and modular design:* Quickly adapts to various vehicle models and battery packs, enabling faster product integration for customers and significantly shortening their development cycles.
 - *High-precision SOX algorithm ($\pm 1\%$) with active bidirectional cell balancing technology:* This advanced algorithm maximizes system lifespan optimization, ensuring that all cells in the battery pack are utilized evenly, reducing wear and prolonging the overall lifespan of the battery system.
- *Quality assurance:*
 - *Highest safety standards:* Development processes strictly adhere to the highest safety standards, including functional safety standard ISO 26262 and information security standard ISO 21434, with all products meeting the highest safety requirements.
 - *Strong software development capabilities:* Software development capabilities have achieved ASPICE CL3 certification, reaching industry-leading levels.

Our BMS has been recognized by major EV customers both domestically and internationally, achieving stable mass production with over one million units supplied. Our team is also actively researching AI-enabled lifespan prediction and fault prediction to further unlock potential, enhance efficiency, and ensure battery safety and efficient cyclical use.

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ESS Batteries

We launched our ESS battery business in 2015. Over the years, we have established ourselves as a global leader in the ESS battery industry, driven by our deep understanding of energy storage technologies and market needs. According to Frost & Sullivan:

- We were the second-largest global supplier of ESS battery cells by shipment volume in 2024, with a market share of 17.2%;
- We were the second-largest global supplier of new energy vessel batteries by shipment volume in 2024;
- We were the largest global supplier of residential ESS batteries by shipment volume in 2024; and
- We were the first in the world to mass-produce 600Ah+ large prismatic LFP ESS batteries.

Our ESS battery products primarily comprise prismatic LFP batteries and cylindrical LFP batteries. Our ESS battery products are used in a variety of energy storage systems (ESS), including telecom ESS, grid ESS and residential ESS, as well as new energy vessels. Our ESS batteries feature industry-leading qualities such as high safety from superior thermal stability, long cycle life of over 10,000 cycles, integrated micro sensors for real-time self-diagnostics and predictive maintenance, and large battery design such as our innovative “Mr. Big” ultra-large ESS cell, which simplifies design, reduces costs, and enhances safety.

The table below sets forth certain details of our ESS battery products:

Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
ESS cells . . . Prismatic LFP cells Cylindrical LFP cells		• Ultra-safe: highly explosion-proof; no leakage • High stability: low IR/High CR/steady discharge • Customizable based on customer demand • Ultra-long life cycle • Environmentally friendly: passed certain environmental certifications	• Telecom ESS • Grid ESS • Residential ESS • New energy vessel • Telecom ESS • Residential ESS

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Product Name	Product Illustration	Key Features and Specifications	Main Use Cases
Energy storage systems . . .		• High safety and stability • Integrated liquid cooling system, precise temperature control • Long lifespan • Efficient grouping, doubling battery life	• Telecom ESS • Grid ESS • Residential ESS

Comprehensive Integration Capabilities of ESS Batteries

In the ESS sector, leveraging our self-developed EMS, PCS and BMS, we have introduced ESS battery products with industry-leading capabilities in comprehensive integration in energy storage systems and solutions. Key features include:

- ***In-situ sensing and fault prediction — pinpointing failures down to individual cells:*** We are pioneers in embedding miniature sensors into individual battery cells, enabling a closed-loop monitoring system that spans from cell-level sensing to system-level decision-making. Traditional technologies can only detect issues at the battery pack level, making it difficult to identify which specific cell has failed. Our system precisely locates faulty cells, significantly improving maintenance efficiency, reducing system downtime, and lowering operational costs.
- ***Active and passive balancing strategies — slowing capacity degradation and extending system lifespan:*** The performance of a battery pack is often limited by the weakest cell in the pack. If a particular cell experiences faster capacity degradation, for example due to aging, it can compromise the performance of the entire pack, potentially leading to premature decommissioning. While traditional BMS technology relies solely on passive balancing, our BMS incorporates both active and passive balancing strategies. This allows for precise energy replenishment to underperforming cells, minimizing capacity loss and extending the overall lifecycle of the system.
- ***Real-time energy flow management with EMS:*** Our EMS leverages advanced algorithms and big data analytics to achieve millisecond-level responsiveness. It continuously monitors grid load, power generation, and energy storage status, and, through a multimodal decision-making engine, dynamically optimizes charging and discharging operations. This significantly enhances energy utilization efficiency.

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- ***String-based AC/DC integrated design — improving system integration efficiency:*** Traditional ESS solutions require multiple independent devices to connect alternating current (AC) and direct current (DC) systems. By deeply integrating PCS and BMS, we have developed a string-based AC/DC integrated system that consolidates multiple functions into a single physical module. This simplifies system structure, reduces potential failure points, and improves space utilization.
- ***Grid-forming capability — making energy storage systems controllable, adjustable, and grid-ready:*** Our system supports grid-forming functionality, enabling it to autonomously maintain grid voltage and frequency in off-grid or blackout scenarios. This allows the energy storage system to function as a “virtual power plant.” This capability has been successfully implemented in several national-level demonstration projects, validating its commercial feasibility.

CLS

We employ the innovative CLS (Cooperation, License, and Service) model to build a global industrial network through technology licensing, collaborative R&D, and service support, achieving market expansion as well as knowhow sharing and mutual growth with our customers.

Through the CLS model, we work closely with our customers and business partners across the globe to drive technological advancement and sustainable development in the industry. This model is centered on asset-light operations, leveraging technology licensing and service support to mitigate risks associated with overseas investments, while empowering our customers and generating stable revenue streams. For instance, through one of our overseas joint ventures, we have enabled our local business partners to enhance production capabilities and technological capabilities through licensing them our technology. This approach not only allows us to deepen our local ties but also strengthens customer loyalty, further solidifying our market position.

Moreover, the CLS model fosters a collaborative and harmonious business environment, effectively mitigating international trade risks and enhancing our reputation within the global industry. By embedding the principle of “mutual growth” into our business strategy, we support technological progress in the industry and work with customers to build a sustainable future.

Overseas Expansion

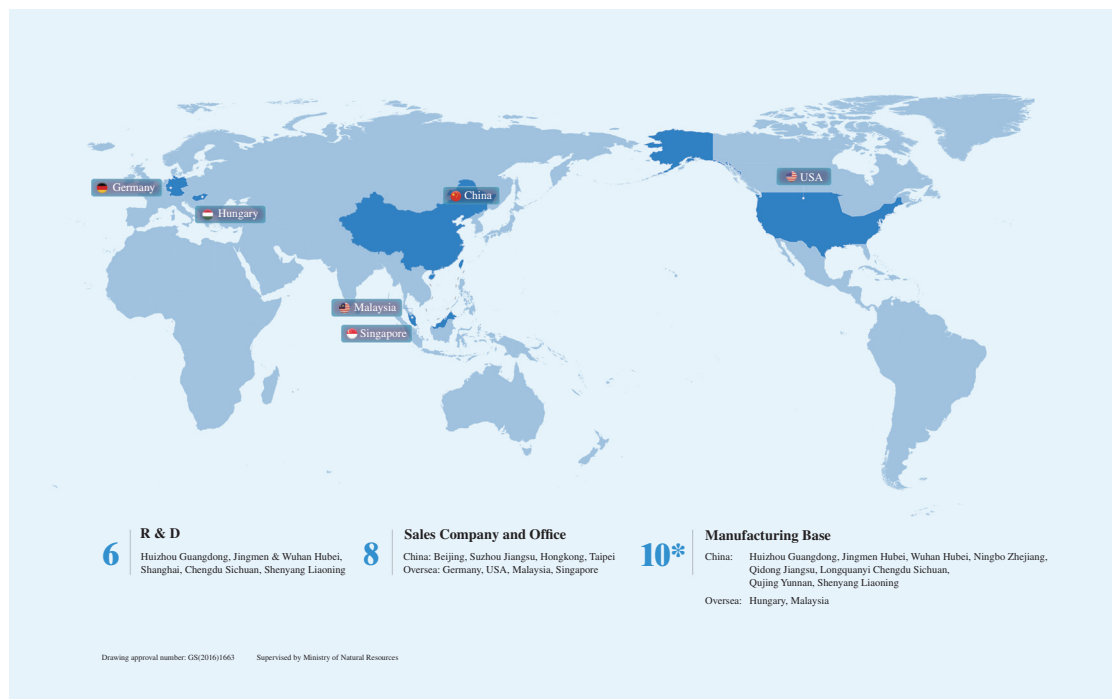
To support our strategy of “Global Manufacturing, Global Collaboration, and Global Services,” we are actively expanding our international presence by establishing overseas facilities and deepening our relationships with global customers.

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Our Malaysia facility officially commenced construction in 2023 and was completed and commenced operation in 2025. We also commenced constructing an advanced battery manufacturing plant in the Northwestern Industrial Zone of Debrecen, Hungary, covering an area over 400,000 sq.m., with production expected to commence in 2027.

In September 2024, we officially launched our regional headquarters in the U.S. to strengthen our presence in the North American market. Looking ahead, we plan to continue expanding our battery production capacity in North America by forming joint ventures with leading commercial vehicle companies using the CLS model.

As of the Latest Practicable Date, we have established eight manufacturing bases worldwide and have two manufacturing bases under construction, with sales offices and branches in seven countries and regions, including China, Germany, the U.S., Malaysia and Singapore, and after-sales service centers in 18 countries and regions, enabling us to efficiently connect with global customers and provide high-quality, comprehensive use cases lithium battery solutions.



* Including two manufacturing bases currently under construction.

RESEARCH AND DEVELOPMENT

We have made substantial investment in research and development during the Track Record Period. In 2022, 2023 and 2024, our research and development expenses amounted to RMB2,153.1 million, RMB2,731.6 million and RMB2,942.3 million, respectively, representing 5.9%, 5.6% and 6.1% of our total revenue for the same years, respectively.

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Our R&D Team and Institutions

As of December 31, 2024, we had 6,068 R&D personnel, with 1,632 holding a master’s degree or above. Our R&D personnel have extensive experience in key areas such as electrochemistry, materials science, mechanical engineering, electronics and electrical engineering, and simulation. Our Chairman, Dr. Liu Jincheng, has over 40 years of experience in lithium battery research, holds the title of senior engineer, and is a recipient of the State Council Special Allowance.

We have established seven R&D institutions, including one central research institute and six specialized research institutes, which are overseen by our Technology Committee. Through these institutions, we have assembled a multidisciplinary R&D team with expertise in areas such as electrochemistry, materials science, mechanical engineering, electronics, and simulation. This team focuses on the research and implementation of new products and cutting-edge technologies in electrochemical theory, advanced materials, structural design, application scenarios, custom equipment, and frontier technologies. In addition, we operate over 19 large-scale R&D laboratories and pilot production lines.

Our R&D Model

We have a mixed R&D framework that is primarily based on in-house R&D of key technologies, supplemented by external collaborations with renowned universities and research institutes on joint R&D initiatives. For instance, we have collaborated with Wuhan University on the research of new materials and advanced technologies.

Our R&D activities for different product categories are highly synergistic, creating opportunities for mutual reinforcement across our consumer battery, power battery and ESS battery segments. For example, our technological knowhow accumulated in the R&D and manufacturing of cylindrical consumer batteries, such as material applications and manufacturing techniques related to long lifespan and energy density, helped to lay a strong foundation for our R&D of large cylindrical power batteries. Our research into long-lifespan simulation models and predictive mechanisms for consumer batteries has also enhanced our capabilities in power and ESS batteries. This synergistic approach drives innovation and enables accelerated product iteration and address of pain points.

Our R&D Pipeline

Our key ongoing R&D initiatives include:

- ***eVTOL aircraft batteries.*** We are developing eVTOL aircraft batteries for the objective of enhancing the energy density of aircraft batteries, achieving high-power output and enabling fast charging. As of December 31, 2024, we have obtained AS9100D aerospace system certification and advanced collaboration with customers in the low-altitude aircraft industry.

BUSINESS

- ***Humanoid robot batteries.*** We are working to improve key metrics for batteries to be used on humanoid robots, including energy density, fast charging, cycle life and safety, thereby providing more durable and stable power solutions for humanoid robots. We expect this R&D initiative to expand our product application scenarios and expand our market share in the humanoid robot batteries sector.
- ***Medical batteries.*** We are developing medical batteries that can deliver high performance, high reliability and long lifespans. As of December 31, 2024, we have achieved ISO 13485 medical device quality management certification, as well as UL 1642 and IEC 60086 safety certifications, and some of our newly developed products have been launched. Our goal is to establish ourselves as the sole domestic provider of comprehensive medical battery solutions, while fostering the development of smart healthcare solutions.
- ***Solid-state batteries.*** We are working to achieve breakthroughs in solid-state battery production to develop a solid-state battery product with high power output, high durability, and strong safety features, primarily to be used on HEVs. As of December 31, 2024, we have successfully developed Ah-level sulfide-based solid-state battery prototypes.
- ***Sodium-ion batteries.*** We are developing low-cost, high-safety sodium-ion batteries tailored for long-cycle energy storage applications. The new sodium-ion battery products will feature significantly improved energy density, safety, and cycle life, and will primarily be used on EVs and ESS, which will help to further expand our market share in both verticals.
- ***“Mr. Big” smart cell and “Mr. Giant” 5MWh standard ESS.*** We are developing ultra-large smart cells and ESS products, designed to meet large-scale, long-duration energy storage demands. The new ultra-large products integrate smart battery technology for early thermal runaway warnings and precise battery state evaluations.
- ***Omnicell batteries.*** We have been working on Omnicell batteries, offering rapid charging, improved low-temperature performance, and greater reliability, enabling efficient energy transformation.

INTELLECTUAL PROPERTY

Intellectual property rights are central to the success of our business. Our commercial future depends, in part, on our ability to obtain, maintain and defend our intellectual property rights for commercially significant technologies, inventions and know-how. As of the Latest Practicable Date, we held 200 major patents, 59 major trademarks, eight major domain names, and 29 major software copyrights in the PRC. As of December 31, 2024, all of our major patents were internally developed. Our patents are expected to expire between 2031 and 2044, absent any adjustments or extensions.

In addition to relying on intellectual property laws and regulations, we also protect our intellectual property through a series of measures, including signing confidentiality agreements and contractual arrangements with employees, suppliers, customers, and other parties. During the Track Record Period and up until the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights that would have any material adverse impacts on our business, financial condition and results of operations. See also “Risk Factors — Risks Relating to Our Industry and Business — We may not be able to adequately protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.”

BUSINESS

MANUFACTURING

Our Manufacturing Bases

As of December 31, 2024, we had eight manufacturing bases located in Huizhou (Guangdong), Jingmen (Hubei), Wuhan (Hubei), Chengdu (Sichuan), Qujing (Yunnan), Qidong (Jiangsu), Ningbo (Zhejiang) and Malaysia. We also have two manufacturing bases under construction.

The table below sets forth our total production volume, production capacity and capacity utilization rate for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Production volume			
Consumer batteries (hundred million units)	12.6	14.3	20.8
Power and ESS batteries (GWh) ⁽¹⁾ . . .	31.4	59.4	78.1
Production capacity			
Consumer batteries (hundred million units)	13.8	16.5	22.5
Power and ESS batteries (GWh) ⁽¹⁾ . . .	33.8	81.4	112.9
Capacity utilization rate			
Consumer batteries	91.5%	86.8%	92.6%
Power and ESS batteries ⁽¹⁾	92.8%	72.9%	69.2%

Note:

- (1) We consolidate the production data for power batteries and ESS batteries as they are generally produced using the same production lines.

Our capacity utilization rate for power and ESS batteries decreased from 92.8% in 2022 to 72.9% in 2023, and further decreased to 69.2% in 2024, primarily because (i) we continued expanding our production capacity; (ii) certain of our new production lines were still in the ramp-up stage; and (ii) customer adjustment in order cycles based on their inventory levels.

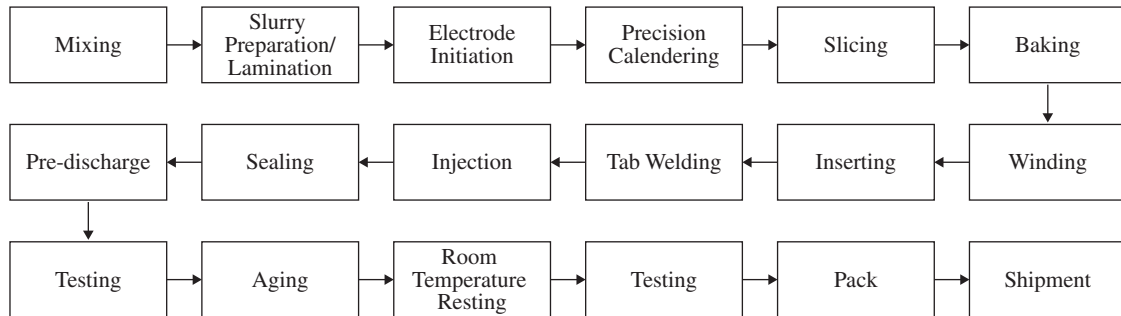
Our Manufacturing Process

Our consumer battery products are primarily manufactured based on customer orders. Most orders are customized, with future order forecasts determined by factors such as downstream customers’ designated project schedules, supply share allocations, product launch timelines, and production schedules. This allows us to coordinate with downstream customers on capacity arrangements and plan and prepare for the future capacity construction of various products. Our cylindrical consumer batteries, power batteries and ESS batteries are mainly general-specification products and produced in stock based on market demand. Certain of our power and ESS batteries are customized products and produced on customer orders.

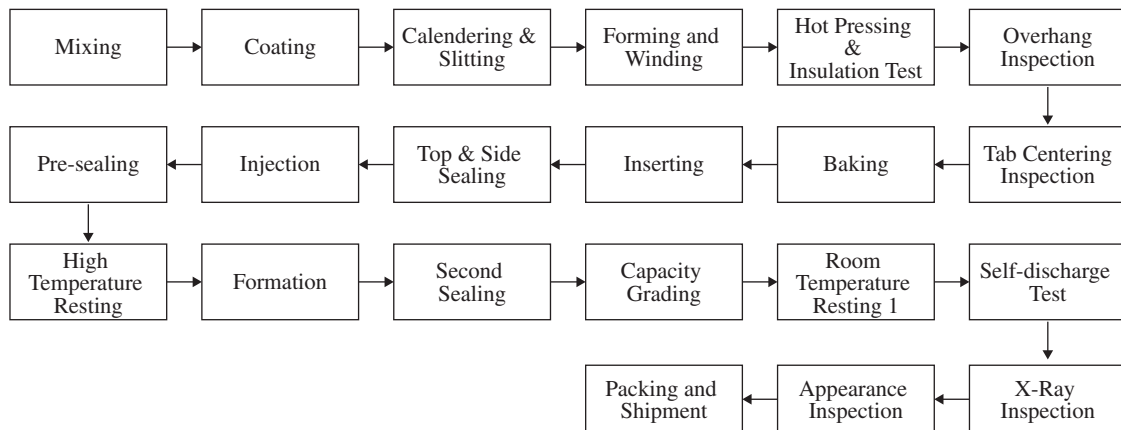
BUSINESS

The flowcharts below set forth the major manufacturing steps for certain of our products:

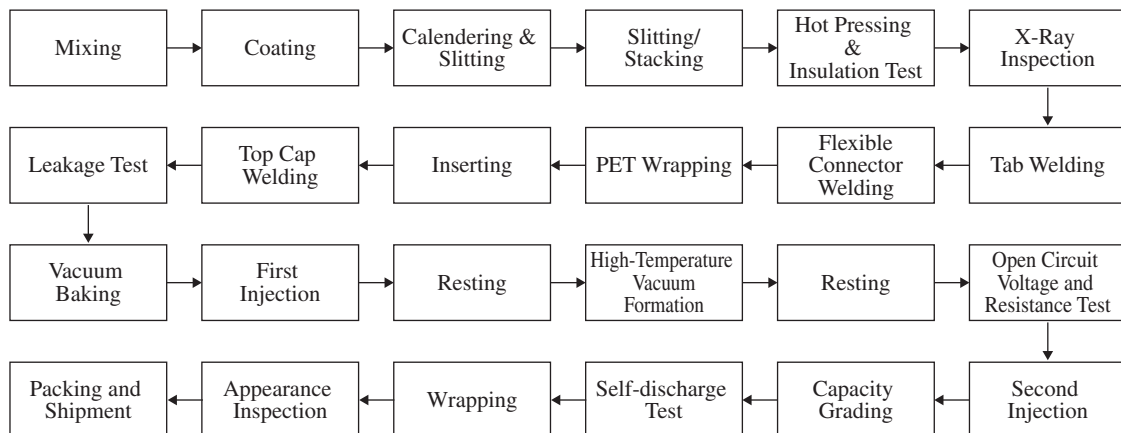
Primary Lithium Batteries



Small Lithium-Ion Batteries



Power and ESS Batteries



BUSINESS

QUALITY CONTROL

We leverage AI and big data to continuously enhance productivity, ensure product quality, maintain consistency, and reduce the likelihood of defective products. We have established an intelligent quality control organization collect and analyze manufacturing and product data. This enables us to identify, address, and predict factors affecting the manufacturing process. For instance, by collecting key factor data such as temperature, humidity, cleanliness, and dust particle count during battery manufacturing, we develop algorithmic models to predict battery status, safety, reliability, and durability, as well as identify the causes of defective products.

In the future, we will continue to enhance production capabilities and operations through intelligent solutions, including artificial intelligence, cloud computing, and robotics. By accumulating data, we aim to further advance our intelligent systems and improve the accuracy of predictive models.

SUPPLY CHAIN

We have established an industry-leading comprehensive supply chain system. In key resource areas such as nickel and cobalt mineral resources, we have implemented upstream supply chain arrangements to ensure stable future supply and cost control. By collaborating with strategic partners, we develop new materials to maintain our sensitivity and technological advancement in the field of new materials.

Raw Materials

The raw materials that we purchase from our suppliers mainly include cathode, anode, electrolyte and separators. During the Track Record Period, we experienced material fluctuations in raw material prices. The prices of cathode materials, in particular, were heavily influenced by upstream mineral prices such as lithium, nickel and cobalt. During the Track Record Period, the prices of raw materials were subject to volatility due to various factors, including changes in international political and economic conditions, supply and demand dynamics, and market expectations. Such fluctuations have caused corresponding increases in our operating costs. To mitigate the risks associated with fluctuations in raw material prices, we have implemented several measures, including improving production processes to enhance utilization and yield rates, increasing production efficiency to dilute fixed costs, strengthening strategic supply chain partnerships to achieve synergies, and utilizing hedging tools in the futures market to manage the overall cost of key raw materials.

During the Track Record Period, we did not experience any significant shortages or major quality issues in relation to our key raw materials or components.

BUSINESS

Procurement

Since 2021, we have established joint ventures with multiple upstream suppliers to enhance our control over upstream raw material supplies and ensure stable access to resources. Our procurement process begins when our project procurement team receives sales order requirements. Our strategic procurement team prepares quotations based on the bill of material list and technical drawings, and finalizes supplier selection and pricing. In selecting our suppliers, we prioritize stability of supply and environmental sustainability.

Supplier Selection

When selecting new suppliers, we first conduct an admission profiling assessment for the new candidate. Candidates that meet the admission profiling standards are included in the pool of potential suppliers. Based on our procurement requirements, we carry out targeted audits of potential suppliers. Those that pass the audits are added to our qualified supplier database. For our active suppliers, we conduct monthly performance evaluations. Suppliers with poor performance, depending on their cumulative ratings, are (i) given assistance to rectify and undergo inspections; (ii) subject to procurement adjustments such as on-site management, on-site acceptance of components, supply quota adjustments, and termination of development for new component specifications. For suppliers with consistently low ratings, they are submitted for elimination planning, with a review process for phasing them out. At the end of the year, we do a summary review of the annual performance of our suppliers and formulate our supplier development strategy for next year in combination with an assessment of resource adequacy, formulate the supplier development strategy for the following year.

Our Major Suppliers

During the Track Record Period, our purchases primarily comprised raw materials and components used in battery manufacturing, mainly cathode, anode, electrolyte and separators. Our suppliers primarily comprise suppliers of key raw materials used in lithium battery manufacturing. In 2022, 2023 and 2024, purchases from our largest supplier in each year during the Track Record Period amounted to RMB3,995.9 million, RMB5,352.1 million and RMB4,274.2 million, representing 12.3%, 15.3% and 12.5% of our total purchases for the same years, respectively. In 2022, 2023 and 2024, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB14,093.3 million, RMB13,999.4 million and RMB11,272.8 million, respectively, representing 43.5%, 40.0% and 32.8% of our total purchases for the same years, respectively. Our five largest suppliers in each year during the Track Record Period generally grant us credit terms of monthly settlement 30 to 120 days after the invoice date, or payment after goods received. We generally settle our amounts due to our five largest suppliers in each year during the Track Record Period using bank acceptance bills and wire transfer.

BUSINESS

The follow table sets forth details of our five largest suppliers for each year during the Track Record Period:

2024

Supplier	Background and principal business	Products purchased	Headquarters location	Listing status	Purchase amount <i>(RMB in thousands)</i>	% of total purchases	Length of relationship
Supplier A . . .	A company specializing in the exploration, mining, refining, and processing of cobalt and other new energy materials	Cathode materials and copper foil	China	Yes	4,274,159	12.5%	7 years
Supplier B . . .	A company engaged in the research, production, and sales of LFP cathode materials for lithium-ion batteries	Cathode materials	China	Yes	2,734,049	8.0%	11 years
Supplier C . . .	A company specializing in the production of lithium battery cathode materials, primarily lithium iron phosphate	Cathode materials	China	Yes	1,839,458	5.4%	4 years
EVE Holdings .	A leading company involved in the investment and management of business across the lithium battery industry chain	Cathode materials and electrolytes	China	No	1,380,113	4.0%	9 years
Supplier D . . .	A company specializing in the research, development, and manufacturing of cathode materials for lithium-ion batteries	Cathode materials	China	Yes	1,045,005	3.0%	9 years

BUSINESS

2023

Supplier	Background and principal business	Products purchased	Headquarters location	Listing status	Purchase amount (RMB in thousands)	% of total purchases	Length of relationship
Supplier B . . .	A company engaged in the research, production, and sales of LFP cathode materials for lithium-ion batteries	Cathode materials	China	Yes	5,352,074	15.3%	11 years
Supplier C . . .	A company specializing in the production of lithium battery cathode materials, primarily lithium iron phosphate	Cathode materials	China	Yes	2,738,740	7.8%	4 years
Supplier E . . .	A company specializing in the research, development, and manufacturing of high-performance cathode materials for lithium-ion batteries	Cathode materials	China	Yes	2,296,340	6.6%	11 years
Supplier F . . .	A leading company engaged in the production of anode and cathode materials for lithium-ion batteries	Cathode materials, anode materials and others	China	Yes	2,139,861	6.1%	11 years
Supplier A . . .	A company specializing in the exploration, mining, refining, and processing of cobalt and other new energy materials	Cathode materials and others	China	Yes	1,472,377	4.2%	7 years

BUSINESS

2022

Supplier	Background and principal business	Products purchased	Headquarters location	Listing status	Purchase amount <i>(RMB in thousands)</i>	% of total purchases	Length of relationship
Supplier B . . .	A company engaged in the research, production, and sales of LFP cathode materials for lithium-ion batteries	Cathode materials	China	Yes	3,995,923	12.3%	11 years
Supplier E . . .	A company specializing in the research, development, and manufacturing of high-performance cathode materials for lithium-ion batteries	Cathode materials	China	Yes	3,753,280	11.6%	11 years
Supplier C . . .	A company specializing in the production of lithium battery cathode materials, primarily lithium iron phosphate	Cathode materials	China	Yes	2,637,179	8.1%	4 years
Supplier F . . .	A leading company engaged in the production of anode and cathode materials for lithium-ion batteries	Cathode materials, electrolytes and others	China	Yes	2,034,658	6.3%	11 years
Supplier A . . .	A company specializing in the exploration, mining, refining, and processing of cobalt and other new energy materials	Cathode materials	China	Yes	1,672,250	5.2%	7 years

BUSINESS

EVE Holdings is our Controlling Shareholder and one of our five largest suppliers for the year ended December 31, 2024. Save as aforementioned, during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, none of our Directors, their close associates or any Shareholder owns more than 5% of our share capital had any interest in any of our top five customers. Save as aforementioned, none of our five largest customers in each year during the Track Record Period, including their shareholders, directors, senior management or any of their respective associates, have any past or present relationship (family, employment, trust, financing or otherwise) with us, our subsidiaries, our Shareholders, Directors, senior management or any of their respective associates.

Key Terms of Procurement Agreements

We enter into framework procurement agreements with our suppliers, which set out our general terms of cooperation. Raw material procurement is executed through specific purchase orders issued under these agreements. The key terms of our framework procurement agreements and corresponding purchase orders typically include:

- ***Quality standards:*** The required quality standards and specifications are clearly outlined in our agreements. In certain cases, we may require specific manufacturing processes to be carried out exclusively by third parties designated by us.
- ***Pricing:*** Prices are determined or adjusted based on the type of materials and suppliers involved, as specified in the relevant purchase orders.
- ***Inspection and compensation:*** Our framework agreements stipulate multiple stages of product inspection, including inspections of samples, inspections upon delivery of official products, and on-site inspections at the suppliers’ production facilities. We also conduct inspections upon delivery and before products are placed into storage. If the quality of the products fails to meet the agreed standards, we reserve the right to terminate the agreement, return the products, or demand monetary compensation.
- ***Credit terms and payment:*** Credit terms and payment methods are specified in the purchase orders. Our major suppliers typically grant us credit terms ranging from 30 to 120 days.
- ***Confidentiality and anti-corruption:*** Our agreements typically include confidentiality and anti-corruption provisions. Confidentiality obligations may extend beyond the expiration of the agreement.
- ***Renewal and termination:*** Framework procurement agreements typically renew automatically upon the expiration of the agreed term. Early termination is also permitted under specified conditions.

BUSINESS

- ***Social responsibility:*** We require our major suppliers to establish socially responsible supply chains. We reserve the right to terminate the agreement without liability if the supplier is found to be involved in forced labor or child labor practices.
- ***Other terms:*** Other terms, such as delivery methods and timelines, are also specified in the agreements.

SALES, MARKETING AND CUSTOMERS

Sales and Marketing

As of December 31, 2024, we had a sales and marketing team of 1,327 personnel. Guided by our “customer-centric” philosophy, we are dedicated to meeting customer demand across various market verticals to strengthen our market position and expand our customer base. We prioritize customer needs by offering customizable product design, working closely with customers from the early stages of product development through technical exchanges and solution alignment. Following thorough testing and validation, we establish supply relationships and agree on product specifications, models, pricing terms, and other details. Collaboration is then maintained over a defined period for the respective products. Our sales department oversees contract execution, ensuring products are delivered according to customer requirements and internal processes, along with providing comprehensive after-sales support.

CLS Model

We employ the CLS global collaborative operating model to build a global industrial synergy network through technology licensing, collaborative R&D, and service support, achieving the synergistic effects of technology export, market expansion, and resource integration. Through the CLS model, we have jointly established battery production capacity with leading North American commercial vehicle enterprises, contributing to the local energy transition and achieving full-chain integration of R&D, manufacturing, and services.

Pricing

We determine our product prices by considering various factors, such as cost of raw materials and components, production costs, order volumes, market conditions, and customer-specific product specifications. We keep a close watch on fluctuations in the prices of key materials and related raw materials and actively strive to lower procurement and production costs, reassessing product pricing levels when necessary. Our framework sales agreements or supplementary agreements incorporate price adjustment mechanisms, allowing us the flexibility to modify product pricing in response to changes in supply-demand dynamics or commercial conditions.

BUSINESS

Our Major Customers

Our customers primarily comprise renowned consumer electronics brands and manufacturers of power tool, EV manufacturers and ESS customers. In 2022, 2023 and 2024, revenue generated from our largest customer in each year during the Track Record Period amounted to RMB5,869.4 million, RMB6,966.8 million and RMB2,686.1 million, respectively, representing 16.2%, 14.3% and 5.5% of our total revenue for the same years, respectively. In 2022, 2023 and 2024, revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB14,489.4 million, RMB16,758.2 million and RMB10,423.3 million, respectively, representing 39.9%, 34.4% and 21.4% of our total revenue for the same years, respectively. We generally grant our five largest customers in each year of the Track Record Period credit terms of 30 days to 90 days after the invoice date. Our five largest customers in each year during the Track Record Period settle their amounts due through wire transfer or bank acceptance bills.

The follow table sets forth details of our five largest customers for each year during the Track Record Period:

2024

Customer	Background and principal business	Products sold	Headquarters location	Listing status	Sales amount	% of revenue	Length of relationship
					(RMB in thousands)		
Customer A . . .	A leading technology company engaged in the research, development, and manufacturing of consumer electronics and smart devices	ESS batteries, consumer batteries	China	No	2,686,074	5.5%	11 years
Customer H . . .	A company operating primarily in energy, chemicals, telecommunications, and semiconductors	Power batteries	Overseas	Yes	2,210,521	4.6%	7 years
Customer B . . .	A leading EV company specializing in cutting-edge autonomous driving technology, software integration, and the design, development, manufacturing, and sales of EVs	Power batteries	China	Yes	1,915,526	3.9%	6 years

BUSINESS

Customer	Background and principal business	Products sold	Headquarters location	Listing status	Sales amount (RMB in thousands)	% of revenue	Length of relationship
Customer C . . .	A leading EV company specializing in high-performance EVs with advanced battery technologies and the design, development, manufacturing, and sales of EVs	Power batteries	China	No	1,810,220	3.7%	3 years
Customer D . . .	A leading multinational heavy equipment manufacturer specializing in construction machinery, mining equipment, and renewable energy solutions	Power batteries	China	Yes	1,800,913	3.7%	5 years

2023

Customer	Background and principal business	Products sold	Headquarters location	Listing status	Sales amount (RMB in thousands)	% of revenue	Length of relationship
Customer H . . .	A company operating primarily in energy, chemicals, telecommunications, and semiconductors	Power batteries	Overseas	Yes	6,966,827	14.3%	7 years
Customer C . . .	A leading EV company specializing in high-performance EVs with advanced battery technologies and the design, development, manufacturing, and sales of EVs	Power batteries	China	No	3,374,628	6.9%	3 years

BUSINESS

Customer	Background and principal business	Products sold	Headquarters location	Listing status	Sales amount (RMB in thousands)	% of revenue	Length of relationship
Customer B. . .	A leading EV company specializing in cutting-edge autonomous driving technology, software integration, and the design, development, manufacturing, and sales of EVs	Power batteries	China	Yes	2,241,642	4.6%	6 years
Customer E. . .	A multinational automotive company engaged in the design, manufacturing, and global sales of premium passenger vehicles and mobility services	Power batteries	Overseas	Yes	2,223,368	4.6%	7 years
Customer F. . .	A leading company focused on the development and operation of intelligent EV charging infrastructure and energy management solutions	ESS batteries	China	Yes	1,951,767	4.0%	5 years

2022

Customer	Background and principal business	Products sold	Headquarters location	Listing status	Sales amount (RMB in thousands)	% of revenue	Length of relationship
Customer H. . .	A company operating primarily in energy, chemicals, telecommunications, and semiconductors	Power batteries	Overseas	Yes	5,869,387	16.2%	7 years

BUSINESS

Customer	Background and principal business	Products sold	Headquarters location	Listing status	Sales amount (RMB in thousands)	% of revenue	Length of relationship
Customer B . . .	A leading EV company specializing in cutting-edge autonomous driving technology, software integration, and the design, development, manufacturing, and sales of EVs	Power batteries	China	Yes	3,300,432	9.1%	6 years
Customer E . . .	A multinational automotive company headquartered overseas, engaged in the design, manufacturing, and global sales of premium passenger vehicles and mobility services	Power batteries	Overseas	Yes	2,381,642	6.6%	7 years
Customer A . . .	A leading technology company engaged in the research, development, and manufacturing of consumer electronics and smart devices	ESS batteries, consumer batteries	China	No	2,280,654	6.3%	11 years
Customer G . . .	A multinational company specializing in power tools and outdoor equipment	Consumer batteries	Hong Kong	Yes	657,334	1.8%	6 years

BUSINESS

An affiliate of Customer H is the substantial shareholder of one of our subsidiaries and one of our five largest customers for the years ended December 31, 2022, 2023 and 2024. To the best of our knowledge, as of the Latest Practicable Date, except for Customer H, all our five largest customers in each year during the Track Record Period were independent third parties. Save as aforementioned, during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, none of our Directors, their close associates or any Shareholder owns more than 5% of our share capital had any interest in any of our top five customers in each year.

Overlapping of Customers and Suppliers

In 2022, 2023 and 2024, all of our five largest suppliers were also our customers (the “**supplier-customers**”) and one of our five largest customers, Customer H, was also our supplier (the “**customer-supplier**”). Our aggregate sales to the supplier-customers and customer-supplier amounted to RMB6,367 million, RMB8,916 million and RMB5,192 million in 2022, 2023 and 2024, respectively, representing 17.5%, 18.3% and 10.7% of our total revenue for the same years, respectively. Our aggregate purchases from the supplier-customers and customer-supplier amounted to RMB14,606 million, RMB14,460 million and RMB11,572 million in 2022, 2023 and 2024, respectively, representing 45.1%, 41.3% and 33.7% of our total purchases for the same years, respectively.

Except for Supplier A, Supplier B and Supplier C, the revenue from any of our other five largest suppliers in each year during the Track Record Period accounted for less than 1.0% of our total revenue in the respective year and was immaterial to our business. During the Track Record Period, only Customer H was also our supplier.

In 2022, 2023 and 2024, the revenue generated from Supplier A accounted for 0.3%, 0.8% and 3.2% of our total revenue, respectively; the revenue generated from Supplier B accounted for 0.8%, 2.1% and 1.3% of our total revenue; and the revenue generated from Supplier C accounted for nil, 0.8% and 1.2%, respectively. For details about our purchase amounts from these suppliers and the respective percentage of our total purchase amounts during the Track Record Period, see “— Raw Materials and Suppliers — Our Major Suppliers.”

During the Track Record Period, the amount of our purchases from Customer H accounted for 1.6%, 1.3% and 0.9% of our total revenue. For details about our revenue generated from Customer H and the respective percentage of our total revenue during the Track Record Period, see “— Marketing, Sales and Customers — Our Major Customers.”

BUSINESS

Negotiations of the terms of our sales to and purchases from these overlapping customer-suppliers/supplier-customer were conducted on an individual basis, and the sales and purchases were not related to or inter-conditional with each other. We had overlapping customers and suppliers during the Track Record Period due to business considerations. Our five largest suppliers were also our customers as we had purchases from and sold goods of different nature to the same entity. We supplied upstream materials such as lithium carbonate and copper to them and procures cathode and other materials from them. According to Frost & Sullivan, this approach is a common practice in the lithium battery industry to achieve operational synergies and secure material supply stability. Customer H was also our supplier as we had transactions with different entities within the same group. For each of the overlapping customer-suppliers/supplier-customer, the key terms of our sales of products to such customers and our purchases of products from such suppliers are generally similar to those of our other customers/suppliers. Our Directors are of the view that these arrangements were entered into after due consideration, taking into account the prevailing purchase and selling prices at the relevant times, and conducted in our ordinary course of business under normal commercial terms and on arm’s length basis.

Save as disclosed above, there were no five largest suppliers in each year during the Track Record Period who were also our customers during the Track Record Period, or vice versa.

Key Terms of Sales Agreements

We generally enter into sales agreements with our major customers, under which our customers enter into individual purchase orders with us. Our sales agreements generally include the following key terms:

- ***Duration:*** Our sales agreements typically have a term of one or three years.
- ***Purchase amount and orders:*** Our sales agreements generally set forth the annual demand, delivery method and delivery schedule. Specific purchase amounts are detailed in individual purchase orders, which specify the quantity, scope of supply, purchase price, payment terms and delivery time, method and location.
- ***Price and price adjustment mechanism:*** Our sales agreements generally do not set standard prices, leaving pricing to be determined in individual purchase orders. For agreements that include baseline pricing, any adjustments are typically subject to mutual written agreement.
- ***Payment:*** For sales agreements with domestic customers, payment is typically made within a certain period after the issuance of an invoice. For overseas customers, payment terms vary and are generally milestone-based or due within a specified period after the receipt of goods.
- ***Delivery:*** For domestic customers, we typically bear the costs and risks of transportation until delivery to the agreed location. For overseas customers, we generally adopt FOB (free on board) or FCA (free carrier) terms, with overseas transportation costs borne by the customers.

BUSINESS

- ***Acceptance and inspection:*** Customers are required to inspect the product’s name, model, specifications, quantity, packaging, and appearance prior to acceptance. Comprehensive product quality inspections must be conducted within a specified period after receipt, as stipulated in the sales agreement.

Customer Service

We uphold a customer-centric service philosophy and have established a dedicated customer service team led by our sales department and supported by our marketing, pre-sales, project, delivery, and after-sales personnel.

During the Track Record Period, we established nine customer service centers in China and overseas, each staffed with dedicated and experienced customer service personnel. All our employees, from R&D, production, and sales to after-sales, are committed to understanding and meeting customer requirements. In addition, we leverage our customer relationship management (CRM) system to consolidate customer information, perform customer segmentation and profiling, and deliver targeted marketing and personalized services, further enhancing customer satisfaction. We provide tailored warranty periods for the products we sell, which are generally aligned with the expected lifespan of the products and determined through negotiations with our customers. The warranty periods typically range from one to ten years, with consumer battery products having the shortest warranty terms and ESS battery products having the longest.

For after-sales service, we provide a 24/7 toll-free customer service hotline to promptly receive and address customer after-sales service requests or complaints. Immediate solutions are provided to meet customer needs, and satisfaction is confirmed through follow-up calls. For handling customer complaints, we have developed a rapid response mechanism. Dedicated after-sales service teams are formed for each customer, and we follow the “2-4-8-5 timeline” in complaint resolution, specifically: (i) within two hours after receiving the complaint, we provide an initial response; (ii) within 24 hours, emergency measures are implemented along with a second response; (iii) within 48 hours, we conduct a root cause analysis, develop countermeasures, and deliver a third response; (iv) and within five days, we implement the countermeasures, validate their effectiveness, and provide a fourth response. In addition, we employ a quality management system to digitize complaint management, standardize processes, monitor complaint resolution progress, and analyze data, further enhancing our customer service quality. We have established comprehensive response mechanisms, as well as product return and replacement procedures. We generally only accept product returns for quality issues confirmed to be caused by us. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material customer complaints or product returns, nor any material product returns or order cancellations due to product defects.

We place great importance on customer feedback and suggestions and conduct two customer satisfaction surveys annually to comprehensively understand customer opinions on our technology, pre-sales services, business operations, quality, delivery, and after-sales services.

BUSINESS

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We established comprehensive systems and procedures for warehousing, logistics, and inventory management. Meanwhile, we regularly review and update relevant procedures, which are published through our internal systems. We also provide staff training to ensure strict procedural compliance, including inspection, handling and reporting of anomalies to maintain standardized operations. We have also engaged competent logistics providers to ensure safe, timely, and reliable product delivery.

PROPERTIES

Owned Properties

Our headquarters are located in Huizhou. As of the Latest Practicable Date, we owned the land use rights to 39 parcels located in China, with a total site area of approximately 4.4 million sq.m., primarily for manufacturing facilities, warehouse, R&D facilities and offices. We also owned 29 properties with an aggregate gross floor area of approximately 2.4 million sq.m., primarily for manufacturing facilities, warehouse, R&D facilities, offices and employee accommodations.

As of the Latest Practicable Date, we were still in the process of obtaining the property ownership certificates of 17 of our owned properties, with an aggregate gross floor area of approximately 0.26 million sq.m. Our Directors expect that we will not encounter any material obstacles in obtaining the property ownership certificates to the above properties. In addition, Dr. Liu and Ms. Luo have undertaken to indemnify us against any losses, fines or administrative penalties we may be subject to as a result of our failure to obtain property ownership certificates for the above properties. No fines or administrative penalties had been imposed on us for our failure to obtain the relevant property ownership certificates for the above properties. Our PRC Legal Advisor is of the opinion that, having considered the foregoing, there are no material obstacles to our obtaining the relevant title certificates for the above properties, and that the absence of aforementioned relevant title certificates will not, individually or in the aggregate, materially affect our business and results of operation.

Leased Properties

As of the Latest Practicable Date, we lease a total of 12 principal office and operational premises in China, with an aggregate gross floor area of approximately 0.12 million sq.m. We did not experience material difficulties in renewing any our main leases during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, for three of our main leased properties, we have not been provided by the lessors with valid title certificates or other documents proving ownership rights of the leased properties, and we have not completed the registration and filing for all of our main leased properties. We have leased the above properties long-term and have not encountered any disputes relating to the ownership of the above properties during our lease

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period. Our operations are not materially dependent on the above properties. We believe, and our PRC Legal Advisor concurs, that even if our use of such leased properties is challenged and we are required to vacate these properties and identify alternative properties, we will be able to timely find comparable properties to relocate, and such relocation will not materially affect our operations. As advised by our PRC Legal Advisor, our failure to register and file the lease agreements for our leased properties will not affect the validity of such lease agreements or our continued use of such leased properties, but the relevant competent housing authorities may order us to register the lease agreements within a prescribed period of time and impose a fine of up to RMB10,000 for each non-registered lease agreement if we fail to complete the registration and filing within the prescribed timeframe. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant PRC government authorities, nor have we experienced any termination or interruption of business operations or major property loss due to (i) the failure to register and file the lease agreements as described above, or (ii) the absence of property ownership certificates for three main leased properties, as described above. In addition, Dr. Liu and Ms. Luo has also undertaken to indemnify us against any losses that may arise from our inability to continue using any of the leased properties due to the aforementioned defects. As such, our PRC Legal Advisor is of the view, and our Directors concur, that the non-registration of the lease agreements and the absence of property ownership certificates for the above leased properties would not materially and adversely affect our business operations.

As of December 31, 2024, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

LICENSES, PERMITS AND APPROVALS

We are required to obtain permits, licenses, approvals, filings and certifications for certain business operated by us from the relevant government authorities as required under PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals, filings and certifications that are material to our operations, and such licenses, permits, approvals, filings and certifications all remain in full effect. See “Regulatory Overview” for more details regarding the laws and regulations to which we are subject.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in renewing such licenses, permits, approvals and certificates. To the best of our Directors’ knowledge, we do not expect to encounter any material difficulty in renewing them when they expire, if applicable, and no material unexpected or adverse changes have occurred since the date of their respective issuance.

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The following table sets forth the key licenses and permits material to our business and operations as of the Latest Practicable Date:

<u>License/Permit</u>	<u>Holder</u>	<u>Grant Date</u>	<u>Expiration Date</u>
Laboratory Accreditation Certificate (實驗室認可證書)	EVE Energy (億緯 鋰能)	2019.11.20	2025.11.19
Radiation Safety Permit (輻射安全許可證)	EVE Energy (億緯 鋰能)	2023.10.20	2025.12.23
Safety Production Standardization Certificate (Level 3, Light Industry) (安全生產標準化三級企業 (輕工)證書).	EVE Energy (億緯 鋰能)	2022.09.30	2025.09
Permit for Urban Sewage Discharge into Drainage Network (城鎮污水排入排水管網許可證)	EVE Energy (億緯 鋰能)	2022.10.28	2027.10.27
Permit for Urban Sewage Discharge into Drainage Network (城鎮污水排入排水管網許可證)	EVE Energy (億緯 鋰能)	2021.03.24	2026.03.24
Permit for Urban Sewage Discharge into Drainage Network (城鎮污水排入排水管網許可證)	EVE Energy (億緯 鋰能)	2023.10.08	2028.10.07
Temporary Permit for Urban Sewage Discharge into Drainage Network (城鎮污水排入排水管網許可證)	EVE Energy (億緯 鋰能)	2024.09.02	2025.09.01
Pollution Discharge Permit (排污許可證).	EVE Energy (億緯 鋰能)	2024.10.18	2029.10.17
Pollution Discharge Permit (排污許可證).	EVE Energy (億緯 鋰能)	2024.07.08	2029.07.07
Pollution Discharge Permit (排污許可證).	EVE Energy (億緯 鋰能)	2024.10.21	2029.10.20
Import and Export Goods Consignor/Consignee Record (進出口貨物收發貨人備案).	EVE Energy (億緯 鋰能)	2011.12.17	Long-term validity

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EMPLOYEES

As of December 31, 2024, we had 29,994 employees, the majority of which were located in China.

The following table sets forth a breakdown of our employees by function as of December 31, 2024:

Function	Number of Employees	% of Total
Administrative	3,556	11.9%
Financial	211	0.7%
Sales and marketing	1,327	4.4%
R&D	6,068	20.2%
Manufacturing	18,832	62.8%
Total	<u>29,994</u>	<u>100.0%</u>

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries and performance-based cash bonuses. We primarily recruit our employees through internal referrals, online recruitment, campus recruitment and local job fairs. We align our employee planning and recruitment strategies with our strategic development plan, proactively reserving talent and building a talent pipeline. We have established detailed policies to manage our recruitment processes. Standard employment contracts and confidentiality agreements are signed with employees, and we have also entered into non-compete agreements with key employees.

We protect the legal rights of all employees and encourage employees to participate in our management decision-making process. We prohibit all forms of discrimination based on race, gender, religion, age, nationality or any other characteristic.

We have established a training institute comprising eight academies, developing three curriculum systems — general, management, and professional — that cover programs such as onboarding training, professional development, and leadership enhancement. These programs cater to the training needs of employees at different levels, fostering knowledge transfer and sharing. Additionally, we have set up safety training centers in Huizhou and Jingmen to provide hands-on safety training and experiential learning, enhancing our employees’ safety awareness and skills. We also collaborate with universities to support academic advancement and have designed customized courses on cross-cultural communication and international business for overseas talent, cultivating globally-minded and competitive international professionals.

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As required by PRC laws and regulations, we participate in employee social security plans organized by municipal and provincial government, including pension, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We have granted, and plan to continue to grant, share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development. To prevent the leak of trade secrets and confidential information, we have entered into confidentiality agreements with our key employees.

We hire outsourced employees for certain non-technical positions, such as security guards and janitors. We clearly specify the rights and obligations of our outsourced employees in the outsourcing agreements.

We believe that we maintain a positive working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disputes with our employees.

INTERNAL CONTROL

We have established and implemented a risk management framework that covers risks that may arise in our operations, including procurement, production, sales and R&D, among others. This risk management system is designed to proactively identify, assess, and address potential risks, ensuring that issues related to risk management and internal control are promptly rectified and effectively overseen.

To continuously enforce and enhance risk management and corporate governance—especially after [REDACTED]—we have adopted and will maintain the following internal control measures:

- Our Board is responsible for exercising risk management and internal control oversight, assessing key risk exposures, and ensuring that we respond adeptly to emerging risks and regulatory changes. Such an approach guarantees that risk management is not only established in policy but is actively embedded into our day-to-day strategic and operational decision-making.
- Our Audit Department is responsible for the inspection and evaluation of our internal controls measures. By formulating policies, supervising implementation, conducting thorough audits, and driving corrective action, our Audit Department ensures that risk management processes are robust, transparent, and continuously improved—all while maintaining close coordination with the Board, risk department, other management functions and, when necessary, external professionals

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- We engage external professionals as a part of our risk assessment and management. These experts provide independent judgment, specialized technical support, and critical assurance, working collaboratively with internal teams to ensure full regulatory compliance, effective risk management, and continual improvement of internal control systems at every level of the organization.

Our risk management framework is deeply embedded throughout our organizational structure. Every key functional department is mandated to actively participate in the identification, implementation, and evaluation of risk controls, ensuring an integrated, all-hands-on-deck approach for safeguarding the business against operational, financial, regulatory, and personnel risks. This decentralized but coordinated effort not only supports comprehensive risk management but also reinforces accountability and continuous improvement across the enterprise.

COMPETITION

We operate in the lithium-ion battery industry and are one of the few players who takes a leading position across all three of the consumer battery, power battery and ESS battery sectors. The global lithium-ion battery industry is highly competitive and relatively concentrated. According to Frost & Sullivan, in terms of shipment volume, the top five consumer battery, power battery and ESS battery companies accounted for 61.9%, 59.0% and 76.7% of the global market in 2024, respectively. We generally compete with other large-scale lithium-ion battery manufacturers. See “Industry Overview” for more details on our competitive landscape, industry growth drivers and development trends.

We believe we are well positioned to capture the growth trend in the global lithium-ion battery industry with our diverse and differentiated product portfolio, innovation in use cases, customer base, R&D capabilities and smart manufacturing process. By shipment volume in 2024, in the consumer battery sector, we were the world’s largest provider of primary lithium batteries and the second-largest global supplier of consumer cylindrical cells for consumer applications (largest among Chinese manufacturers) in the consumer battery sector. In the power battery sector, we were the second-largest Chinese supplier of power batteries for commercial vehicles and the largest Chinese supplier of 46 series large cylindrical cells. In the ESS battery sector, we were the world’s second-largest battery cell supplier and largest residential battery cell supplier in the ESS battery sector. Leveraging our strong market presence and technological expertise across various market segments, we are well positioned to capitalizing on emerging opportunities and delivering innovative, high-quality products to meet evolving customer needs.

INFORMATION SECURITY AND PRIVACY

We place significant emphasis on information security management, drawing on international best practices in our operations. We strictly abide by the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), and other national or regional laws and regulations to conduct business.

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In the course of outbound daily operations, we may need to collect and process personal information of our individual users, visitors, and partners, involving various scenarios including personal information collection and use, and entrusted third-party processing. We strictly comply with applicable laws and regulations, including the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), and other application laws and regulations, and enhance our data compliance management practices. We proactively follow the developments and interpretations of laws and regulations, conduct compliance risk assessments, perform compliance reviews, and provide relevant training to our employees. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data leakage or loss of data or information.

INSURANCE

We maintain insurance coverage sufficient to cover major assets, facilities, and liabilities, including but not limited to property-related insurance, cargo transportation insurance, employer liability insurance and product liability insurance. We periodically review our insurance coverage based on past experience, production changes and any changes in industry norms.

We are committed to minimizing the risks of product liability claims, warranty claims and product recalls through strict quality control measures. Furthermore, if our suppliers are deemed to bear (in whole or in part) product liability, we will evaluate the compensation or cost-sharing amounts to be claimed from the relevant suppliers under the terms and conditions of the supply agreements. We will also take into account various commercial factors as appropriate, including but not limited to the amount of compensation, the financial capability of the suppliers and the risk of supply chain disruptions we may face due to such compensation or cost-sharing claims.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance coverage is adequate and in line with industry norm. However, the risks related to our business and operations may not be fully covered by insurance. For details, see “Risk Factors — We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental, Social, and Governance (ESG) Matters

ESG is an integral part of our corporate philosophy, and we actively integrate ESG principles into our business operations. Our goal is to become a green energy enterprise that spans all application scenarios across land, sea, and air, driving innovation in battery technologies to deliver new and innovative battery products.

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ESG Governance

We embed the concept of social responsibility into our corporate culture, strategic planning, and daily operations, supported by a robust sustainability management framework. Our ESG governance system places our Board as the highest decision-making body, responsible for reviewing the annual sustainability report and overseeing key ESG matters. Under our Board, we have established a Sustainability Working Group, chaired by our Chairman, with the president and relevant vice presidents serving as members. This Committee formulates and reviews our sustainability goals and roadmap, reporting significant matters to our Board.

Sustainability considerations, including their impacts, risks, and opportunities, are incorporated into our daily management, strategic implementation, major decision-making, and risk control processes, driving the development of our ESG framework from the top down.

The Sustainability Working Group has formulated an “EM-POWER” management strategy aligned with our vision. This strategy encompasses seven key focus areas: Environmental Action (E), Manufacturing Excellence (M), People Diversity (P), Organizational Governance (O), Win-Win Partnerships (W), Engagement with Communities (E), and Resource Sustainability (R). These areas guide our sustainability strategy and management, digital and technological innovation, and value creation. The strategy is supported by seven actionable plans that directly advance our sustainability goals and provide a framework for managing ESG issues.

The Joint Task Force for Sustainability, our ESG execution body, is responsible for developing and implementing specific plans to achieve our sustainability targets. The task force reports quarterly to the Sustainability Working Group on ESG risks, progress, and performance. We have implemented a leadership evaluation mechanism for sustainability, establishing quantifiable ESG performance indicators. These indicators are linked to senior management compensation, accounting for 2% of individual performance evaluations. In 2024, we completed quantitative ESG performance assessments for all primary departments, achieving a 100% compliance rate. These assessments covered topics such as greenhouse gas emissions, waste management, resource consumption, supply chain ESG performance, occupational health and safety, human capital retention, and sustainable business practices.

ESG Materiality and Risk Management

We recognize that conducting ESG materiality assessments and identifying and managing ESG-related risks are critical to our sustainability. In accordance with the ESG Reporting Code of the Hong Kong Stock Exchange, we assess ESG materiality and risks based on our business development and industry trends through peer benchmarking, stakeholder surveys, and other methods. Key ESG risks identified include:

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Physical Risks

In the short term, extreme weather events such as typhoons, heavy rain, and flooding could impact our upstream value chain (including production and logistics), leading to increased costs. To address this, we have diversified our supplier base, established a list of alternative suppliers, and reduced reliance on a single geographic region to ensure the availability of critical materials. We have also developed contingency plans for extreme weather, including disaster warnings, personnel evacuation, equipment protection, and data backup.

In the long term, challenges such as rising sea levels and water shortages may affect our operations and upstream value chain. To mitigate these risks, we have reduced supply chain concentration risks and incorporated climate-related environmental impact assessments into our site selection process, ensuring the sustainability and resilience of our operations.

Transition Risks

As global climate policies tighten, we face rising compliance costs. We closely monitor changes in external policies, regulations, and standards, engaging with stakeholders to interpret new regulations and develop response strategies to ensure compliance.

On the technology front, the use of recycled materials and the need to meet low-carbon requirements impose higher standards on product performance and battery lifespan, increasing R&D and production costs. We focus on developing next-generation key materials and battery technologies to deliver high-energy-density, integrated, durable, safe, and low-carbon battery products.

From a market perspective, increasingly stringent global carbon footprint standards directly affect product access qualifications. Green and low-carbon practices have become critical to procurement and consumer decisions. Failure to effectively implement low-carbon transitions could harm our brand reputation, reduce market competitiveness, and risk customer attrition. To address these challenges, we embed low-carbon and sustainability principles into every aspect of our design, production, and supply chain processes, minimizing carbon emissions to enhance market competitiveness and build customer trust.

As of December 31, 2024, we had not been subject to any material penalties for violations of product quality and safety, occupational health and safety, or social and environmental laws and regulations. Additionally, we had not experienced any material impacts from environmental, social, or climate-related risks on our business, strategy, or financial performance. After the [REDACTED], we will continue to optimize our risk identification and assessment procedures, enhance risk management capabilities, and regularly disclose ESG reports in compliance with regulatory requirements.

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Environmental Protection

We strictly adhere to the Environmental Protection Law of the PRC and other relevant environmental regulations and standards. We have established internal management systems such as the Procedures for Identification and Control of Environmental Factors and have obtained ISO 14001 environmental management system certification. We are committed to minimizing the ecological and natural resource impacts of our operations. As of December 31, 2024, we had not experienced any environmental pollution incidents.

Emissions Management

We adhere to the principle of green development and strictly comply with the Air Pollution Prevention and Control Law of the People’s Republic of China, the Solid Waste Pollution Prevention and Control Law of the People’s Republic of China, and other relevant laws, regulations, and standards applicable to our operating regions and markets. We have developed specialized management systems covering wastewater, exhaust gases, solid waste, and environmental facilities, including internal procedures such as the Air Pollution Control Procedure, Water Pollution Control Procedure, and Waste Control Procedure. These systems ensure strict control over our emissions of exhaust gases, wastewater, and solid waste, ensuring compliance with emissions standards. At the same time, we set and regularly update medium- and long-term environmental targets as well as annual goals, focusing on pollutant reduction and waste minimization. By strictly implementing pollution control and disposal measures, we are committed to continuously improving environmental performance and minimizing the environmental impact of our operations.

- Exhaust Gas Management:** For production processes involving emissions, such as coating and liquid injection, we use advanced technologies, including activated carbon adsorption, spraying, and catalytic combustion, to efficiently collect and treat exhaust gases, ensuring compliance with emissions standards.

The following table sets forth our waste gas emission during 2022, 2023 and 2024:

Metric	Unit	2022	2023	2024
Waste Gas Emission				
Nitrogen Oxides	Tons	18.1	16.0	15.3
Sulfur Dioxide	Tons	0.3	0.4	0.7
Organic Waste Gases . . .	Tons	12.3	17.6	40.3

- Wastewater Management:** In wastewater management, we adhere to the principles of “separation of rainwater and wastewater” and “segregation of industrial and domestic wastewater.” Industrial wastewater is treated and either discharged in compliance with standards or further processed for reuse in cooling systems. Domestic wastewater undergoes pretreatment before being discharged into municipal pipelines, while rainwater is directed into municipal rainwater systems.

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The following table sets forth our wastewater discharges during 2022, 2023 and 2024:

Metric	Unit	2022	2023	2024
Wastewater Discharges				
Wastewater	Tons	45,734.0	46,484.9	65,344.3
Chemical Oxygen Demand COD	Tons	2.4	3.4	2.5
NH3-N	Tons	0.04	0.2	0.1

- **Noise Control:** For noise control, we prioritize the use of low-noise equipment and implement measures such as soundproofing, noise absorption, and vibration reduction to ensure compliance with boundary noise standards.

We strictly comply with relevant laws, regulations, and environmental standards, developing internal annual environmental self-monitoring plans and conducting environmental monitoring. This includes wastewater, exhaust gases, and boundary noise, using methods such as self-monitoring, online monitoring, and third-party testing. We have installed noise, exhaust gas, and industrial wastewater online monitoring equipment, as well as wastewater testing laboratories, to monitor pollutant emissions. Qualified third-party organizations are commissioned to conduct regular pollutant monitoring.

The following table sets forth our production of waste during 2022, 2023 and 2024:

Metric	Unit	2022	2023	2024
Waste				
Total Hazardous Waste	Tons	1,859.2	3,117.9	2,628.4
Hazardous Waste Density	Tons per person	0.07	0.11	0.09
Total Non-Hazardous Waste	Tons	16,585.7	112,988.1	155,106.2
Non-Hazardous Waste Density	Tons per person	0.6	4.1	5.2

Energy and Resource Management

We are committed to improving energy efficiency and providing green products. We have established an energy management system in compliance with ISO 50001 standards and continuously improve our energy-saving and consumption-reduction policies. The system is implemented under the leadership of the president and executed by relevant functional departments and factories.

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We actively promote digitalization in energy management. In 2024, we deployed smart meters, flow meters, and other IoT devices to build a three-tier metering system covering the company, factories, and individual processes. This system includes the Energy Digitalization 2.0 Platform and the President’s Dashboard 1.0 System, enabling real-time energy monitoring, visual analysis of metrics, optimization, and intelligent alerts to support refined management decisions. In the future, we will further enhance metering levels, introduce AI-based intelligent optimization, and implement automatic regulation technologies for source-grid-load-storage systems to improve intelligent control capabilities.

Through ongoing efforts in energy diagnostics, benchmarking, and integrated energy station construction, we achieved a 12% year-on-year reduction in comprehensive energy consumption per unit of product and a 15.5% reduction in water consumption per unit of product in 2024. Additionally, we continue to enhance electricity demand-side management by optimizing distribution networks, building distributed energy and energy storage systems, and planning a virtual power plant platform. To eliminate waste, we conduct regular energy inspections, saving nearly 25 million kWh in 2024. Furthermore, we organize regular energy training and skill competitions to enhance employees’ energy-saving awareness and operational skills, supporting sustainable operations and cost reduction.

The following table sets forth our energy consumption during 2022, 2023 and 2024:

Metric	Unit	2022	2023	2024
Energy Consumption				
Total Energy Consumption . .	MWh	2,206,857	3,232,689	3,691,875
Energy Consumption	MWh per	80.5	118.2	123.1
Intensity	person			

Carbon Emissions Management

To improve energy efficiency, we actively implement energy-saving retrofits for existing projects and energy-saving designs for new projects. In 2024, our energy-saving and carbon reduction projects achieved annual energy savings equivalent to 29,566 tons of standard coal and reducing annual carbon dioxide emissions by 120,912 tons.

We also actively invest in and collaborate on rooftop photovoltaic power station projects, green electricity procurement, and green certificates to expand the use of renewable energy. In 2024, our cumulative installed photovoltaic capacity reached 92.3 MW, generating 104,602.5 MWh annually and reducing carbon dioxide emissions by approximately 59,654 tons.

Since 2022, we verify our GHG emissions and certify the carbon footprint of our products every year.

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Metric	Unit	2022	2023	2024
GHG Emissions				
Total GHG Emissions	Tons CO2 eq.	1,042,122	1,466,173	1,585,161
Direct GHG Emissions . . .	Tons CO2 eq.	90,420	102,432	102,465
Indirect GHG emissions . .	Tons CO2 eq.	951,702	1,363,741	1,482,696
GHG Emission Intensity . .	Tons CO2 eq. per person	38.0	53.6	52.8

Note: Scope 1 GHG emissions are primarily from the consumption of direct energy (gasoline, natural gas, etc.) in our operations; Scope 2 GHG emissions are primarily from the consumption of indirect energy (purchased or acquired electricity) in our operations. The data refers to the Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange, and the GHG emission factor for purchased electricity refers to the national grid average emission factor for 2022; and Scope 3 GHG emissions are derived from purchased goods and services, use of sold products and employees' commuting of our business operation, where the activity level data is mainly based on internal data systems and purchasing records and sales records, internal survey questionnaires, and relevant emission factors and parameters are derived from the US Environmentally-Extended Input-Output (EEIO) databases, Ecoinvent database, China Products Carbon Footprint Factors Database, Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for Land Transportation Enterprises, Fuel Consumption Limits and Measurement Methods for Natural Gas Operating Buses (JT/T 1444-2022), UK DEFRA GHG Conversion factor 2022, IPCC Sixth Assessment Report, and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Water Resource Management

We place great importance on the rational utilization and protection of water resources, strictly complying with relevant laws, regulations, and standards in our operating regions. We implement water conservation measures, water quality monitoring, and treatment plans to ensure the sustainable use of water resources.

To promote efficient resource utilization, we implemented water-saving measures, such as a steam condensate recovery project at our Jingmen facility. This initiative successfully enabled the recycling of municipal steam condensate, avoiding the adverse environmental impact of high-temperature water discharge and significantly reducing water consumption. In 2024, this project reduced steam condensate discharge by 363,000 tons.

The following table sets forth our water consumption during 2022, 2023 and 2024:

Metric	Unit	2022	2023	2024
Water Consumption				
Total Water Consumption	Cubic Meters	4,792,057	6,805,098	7,831,151
Water Consumption Density . . .	Cubic Meters per person	174.7	248.9	261.1

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Materials Recycling

We regard the establishment of a comprehensive materials recycling system as a critical pathway to achieving sustainable development. Through continuous technological innovation, product design optimization, and deep industrial chain collaboration, we systematically embed the concept of resource recycling into every key stage of the product lifecycle.

- ***Production Stage:*** We promote an “extreme manufacturing” technology system aimed at significantly reducing the consumption of raw and auxiliary materials and the generation of waste during manufacturing. For example, the Huizhou Base Factory 27 repurposes aluminum-plastic film scraps as raw materials for other products. The Jingmen Base successfully achieved resource utilization of NMP condensate waste liquid by recycling it for equipment pipeline cleaning, effectively reducing the consumption of fresh water and chemical cleaning agents.
- ***Packaging and Distribution Stage:*** We focus on green transformation in packaging by promoting and applying reusable packaging designs to replace traditional single-use packaging materials. For instance, the Jingmen Base Factory 16 has fully replaced the external packaging of raw materials required for battery manufacturing with reusable packaging boxes and standardized pallets, significantly reducing the environmental impact of packaging waste. In 2024, this initiative reduced waste generation by 678 tons.
- ***Recycling Stage:*** We are actively engaged in the recycling of waste batteries and battery materials, and are establishing, in collaboration with industry partners, a centralized facility for the recycling and cascade utilization of used power batteries as well as a dedicated center for the recycling of waste lithium batteries. Through these initiatives, we aim to build a green and sustainable supply chain that supports a circular economy model encompassing “waste lithium batteries — chemical materials — battery materials — lithium batteries.” As of December 31, 2024, the Jingmen Base Factories 11 and 12 incorporated recycled materials into production, achieving the use of 73 tons of recycled lithium, 722 tons of recycled nickel, and 96 tons of recycled cobalt.

We also pay close attention to the impact of our production and operations on biodiversity and natural resources, promoting sustainable ecological thinking throughout the value chain. By advocating for resource recycling and innovating materials, structures, processes, and equipment, we aim to enhance resource utilization rates and achieve a green circular economy. These efforts support our commitment to providing customers with green, high-quality products while protecting ecosystem health and stability.

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Addressing Climate Change

We deeply recognize the profound impact of climate change on the global ecological environment and corporate development. With sustainable development as our goal, we are committed to establishing an efficient and transparent governance framework for sustainability issues to effectively respond to climate-related risks and opportunities.

We have specifically established the Sustainability Working Group as the governance body for climate-related risks and opportunities, supported by a dedicated management team — the Carbon Emissions Management Committee. This ensures that every step, from strategic decision-making to execution, is capable of responding swiftly and accurately to climate change.

In April 2024, we launched the CREATE Carbon Neutrality Strategy, which encompasses six key areas: Carbon Footprint Management, Recycling, Efficiency in Manufacturing, Assurance (internal and external audits), Technology Innovation, and Energy Transition. The strategy aims to achieve operational carbon neutrality by 2030 and carbon neutrality across the core value chain by 2040. Guided by the “dual carbon” goals, we will continue to leverage technological innovation to improve resource utilization efficiency, collaborate with value chain partners to promote green and low-carbon development, and contribute to the global energy transition.

Social Responsibilities

Product Quality and Safety

Driven by digitalization, we continuously optimize our quality management system and product safety mechanisms, strengthening risk identification, assessment, and control of quality issues. We have cultivated a quality culture to enhance awareness and improvement capabilities across all employees while improving product traceability and recall management systems.

We have established a Product Safety Management Committee, led by the vice president of the Quality Center, to achieve cross-departmental collaboration on product quality and safety. By linking senior management compensation and performance with key safety indicators and further breaking down process performance targets, we ensure safety responsibilities are assigned to specific roles and individuals.

Our integrated quality management system covers the entire product lifecycle, ensuring consistent implementation of quality system documents and the uniqueness of business processes. We have developed key documents, including the Quality Manual, Product Safety Management Regulations, and Risk and Opportunity Identification, Evaluation, and Control Procedures, to clarify responsibilities and targets. We have also established an accountability mechanism for product safety incidents to fully protect customer rights.

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In 2024, all our mature operational and certified entities achieved certification under ISO9001:2015 or IATF 16949:2016 standards. The QC080000 hazardous substance process management system was effectively implemented and continuously optimized through internal and external audits. During the Track Record Period, we did not receive any notifications of violations related to hazardous substances in products, or major safety and quality liability incidents.

We conduct at least one comprehensive and in-depth internal audit of the quality management system annually, guided by the principle of “driving improvement and empowering manufacturing operations through quality data.” We have developed the “2+1” digitalization projects and platforms to enhance process quality improvement capabilities comprehensively, support the transformation of quality talent structures, and shift quality management practices toward proactive and continuous improvement.

Human Resources

Employee Health and Safety

We strictly comply with the Production Safety Law and the Occupational Disease Prevention Law, constructing a dual prevention mechanism and a comprehensive emergency management system. We have introduced over 20 regulatory documents, including the Occupational Health and Safety Handbook and the Hazard Identification and Control Procedures. By establishing ISO 45001 occupational health and safety management systems and production safety standardization, we ensure occupational health considerations are integrated into new, modified, and expanded projects. We continuously strengthen occupational hazard monitoring, protective equipment allocation, and comprehensive health examinations for all employees, systematically optimizing the working environment.

We have established a Safety Production Committee, chaired by the president, with three specialized subcommittees focused on fire and explosion prevention, mechanical safety, and employee health. Each operational unit is required to form a safety subcommittee, led by the vice president or general manager, creating a clear and accountable three-tier linkage mechanism. Major risk issues are addressed by specialized task forces that allocate resources for efficient resolution. By integrating digital management and employee participation mechanisms, we ensure workplace safety compliance, building a healthy enterprise that reassures employees and satisfies customers.

During the Track Record Period, we experienced no major employee injury or fatality incidents.

BUSINESS

Employee Career Development

We are committed to providing our employees comprehensive career development support and training opportunities to enhance their skills and professionalism, fostering mutual growth for both our employees and our Company. We focus on improving employees’ professional abilities and career development, establishing the Training Control Procedures and founding a dedicated training institute to oversee training programs. Our training initiatives include leadership development, academic advancement, diverse career pathways, and evaluation mechanisms.

Employee Rights Protection

We place great importance on employee welfare and rights protection, strictly complying with the Labor Law of the People’s Republic of China and labor laws and regulations in all global operating locations. We uphold fairness, impartiality, and transparency in recruitment and equal employment practices, standardizing recruitment interview procedures to ensure all candidates are treated equally. We publicly disclose job qualifications, select, recruit, and cultivate talent based on merit, and ensure consistency and objectivity in recruitment processes and standards. In our efforts to attract and recruit outstanding talent, we firmly oppose any form of employment discrimination, whether based on gender, nationality, age, race, ethnicity, religious beliefs, disabilities, sexual orientation, or family status, providing equal and fair career opportunities for all.

We guarantee employees’ freedom of association and resolutely oppose forced labor, child labor, discrimination, and workplace harassment. Our goal is to create a diverse, harmonious, and open work environment. We ensure the protection of employees’ rights by establishing a comprehensive labor rights management mechanism and issuing policies protecting female and minority employees. During the Track Record Period, there were no incidents of forced labor, discrimination, harassment, child labor, slavery or labor disputes, ensuring the safeguarding of occupational health and safety.

In terms of compensation and benefits, we adhere to the principle of equal pay for equal work and have established a competitive compensation system that covers all employees. This system includes multi-level incentives such as basic, performance-based, improvement-oriented, operational, and equity-based rewards. A shared incentive bonus pool has been created to encourage departments to implement diverse and immediate rewards. Furthermore, we provide diverse non-monetary benefits, addressing the needs of female, retired, and disadvantaged employees. We have established the EVE Family Employee Mutual Assistance Fund to support employees in need.

BUSINESS

Democratic Communication

We highly value employees’ opinions and have established open communication channels. The Employee Voice Service Management Regulations were introduced to ensure confidential handling of complaints through online and offline channels, with whistleblower protection measures in place. Complaint resolution and response rates have consistently reached 100%, with results publicly disclosed in 2024.

We conduct annual employee satisfaction surveys and regularly perform organizational capability assessments and Gallup Q12 engagement surveys. Based on these evaluations, targeted improvement measures are implemented.

Responsible Procurement

We regard supply chain management as a critical component of sustainable development. By strengthening supplier management and improving risk control mechanisms, we are committed to fulfilling environmental and social responsibilities and building an efficient, stable, and sustainable supply chain.

We have developed and optimized the TREE sustainable supply chain management system, emphasizing transparency, recyclability, efficiency, and eco-friendliness. Sustainability practices are integrated throughout the supplier management process to ensure fair collaboration and ethical operations. Suppliers undergo qualification reviews and sustainability assessments, including evaluations of their ESG risks. Additional audits are conducted for medium- and high-risk suppliers, with anti-bribery and anti-corruption requirements incorporated into the audit process to strengthen ethical oversight.

Using the Supplier Relationship Management System, we track corrective actions and have established specific regulations to define communication, complaint, and ESG risk management processes. For full traceability, the X-MOT system ensures data accuracy. Suppliers are required to sign the Supplier Code of Conduct, Integrity Commitment Letter, and Confidentiality Agreement, fostering a healthy business ecosystem.

As a company focused on lithium battery products, we continue to introduce domestic and international regulations such as the EU Battery Regulation into our management system, issuing the Responsible Mineral Supply Chain Due Diligence Policy. Suppliers involved in minerals such as gold, tantalum, tungsten, cobalt, tin, manganese, lithium, nickel, graphite, and mica are required to sign the Responsible Mineral Supply Chain Due Diligence Agreement, undergo due diligence, and ensure their products are free from conflict minerals or ties to armed groups violating human rights.

BUSINESS

Suppliers are required to establish related policies, implement due diligence procedures, and cooperate in providing relevant information. Conflict mineral audits are integrated into supplier sustainability assessments, driving upstream and downstream partners to establish management processes and fulfill their due diligence obligations. During the Track Record Period, no raw materials were sourced from conflict-affected or high-risk areas.

Business Ethics and Anti-Corruption

We have issued the EVE Energy Code of Business Conduct, which all our employees and stakeholders are required to follow. To uphold our reputation internationally, we have developed localized Employee Compliance Handbooks for projects in Malaysia, Hungary, and the United States, providing compliance guidance tailored to each jurisdiction. A dedicated compliance management department oversees key areas such as export controls, supply chain traceability, and cross-border data management, working collaboratively with other departments to ensure the effective operation of the compliance framework.

In anti-bribery and anti-corruption management, our Board oversees the group’s integrity initiatives, while the Audit Committee supervises and evaluates the effectiveness of these efforts. Building on the EVE Energy Code of Business Conduct, we have continuously refined the Anti-Fraud Management Regulations and Whistleblowing Management Regulations, to standardize ethical conduct. Commercial ethics audits are conducted at least once every three years to strengthen risk prevention and supervisory effectiveness. Regular training on integrity and ethical behavior is provided to employees, fostering a positive and transparent corporate culture.

We encourage employees, suppliers, customers, and other stakeholders to report violations through multiple complaint and whistleblowing channels, with robust protections in place for whistleblowers.

Public Welfare and Philanthropy

We are committed to corporate social responsibility and actively engage in public welfare and philanthropy. These efforts include participating in volunteer services, supporting government initiatives such as rural revitalization, and contributing to local economic growth and the advancement of the renewable energy industry. In the field of educational philanthropy, we optimize educational resources through initiatives such as industry-academia collaborations and educational donations. These actions reinforce our commitment to fulfilling corporate social responsibilities.

BUSINESS

AWARDS AND RECOGNITIONS

During the Track Record Period, we have won numerous awards, honors and recognitions for our achievements and outstanding product quality, including the following:

<u>Year of Grant</u>	<u>Award/Recognition</u>	<u>Issuing Organization/Authority</u>
2024	National Champion in Manufacturing (2024 to 2026) — Battery Capacitors	Department of Industry and Information Technology
	Second-Class National Science and Technology Progress Award	Central Committee of the Communist Party of China and the State Council
	National-Level Smart Factory of Excellence	Ministry of Industry and Information Technology
	National-Level Green Factory	Ministry of Industry and Information Technology
2023	China Patent Excellence Award for a Lithium Battery Cathode, Lithium Battery, and Its Preparation Method	China National Intellectual Property Administration
	National Intellectual Property Model Enterprise	National Intellectual Property Administration
	Top 500 Private Manufacturing Enterprises	All-China Federation of Industry and Commerce
	China’s Top 500 Private Enterprises	All-China Federation of Industry and Commerce
2022	Champion Product in Manufacturing” (2023-2025) for lithium-thionyl chloride batteries	Ministry of Industry and Information Technology and the China Federation of Industrial Economics
	Top 500 Private Manufacturing Enterprises	All-China Federation of Industry and Commerce

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims that arise in the ordinary course of our business activities. We cannot predict the results of litigation and claims. See “Risk Factors — We may be involved in legal or other proceedings arising out of our business operations from time to time and may face reputational risks and significant liabilities as a result.”

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

BUSINESS

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that would have a material adverse effect on our business, results of operations, financial condition or reputation.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors believe that internal control procedures and risk management are crucial to our business development and success. In order to strengthen our internal control procedures and risk management system to better safeguard the interests of our Shareholders, we have adopted enhanced internal control and risk management measures as follows:

Our Board is responsible for overseeing our internal control system, ensuring its effectiveness, and maintaining our risks at an appropriate level. The Audit Department is responsible for inspecting and evaluating internal controls; our Audit Department conducts annual assessments of our internal controls and prepares Internal Control Evaluation Reports, which are submitted to the Audit Committee and the Board for review. The Risk Management Committee manages business risks and is responsible for regularly reviewing risk management control measures. We have reviewed our risk management and internal control systems and conduct reviews annually, including an evaluation of all major controls, such as financial, operational, and compliance controls. We require each department to proactively identify the risks they face, as well as the internal and external factors influencing those risks. We monitor risks related to sanctions during our business processes and will make every effort to ensure that we do not sell products to any entities subject to economic sanctions. When necessary, we will engage external professional advisors and collaborate with our internal audit and legal teams to conduct regular reviews, ensuring the validity of all registrations, licenses, permits, filings, and approvals.

Taking into consideration the adoption and implementation of the above-mentioned internal control procedures and risk management measures, our Directors are of view that our enhanced internal control and risk management system are adequate and effective to address various potential risks identified in relation to our business.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will consist of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

All of our Directors and senior management members meet the qualification requirements under the relevant PRC laws and regulations and the Hong Kong Listing Rules for their respective positions.

BOARD OF DIRECTORS

The following table sets forth the key information about our Directors.

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>	<u>Time of Joining our Group</u>	<u>Appointment Effective Date</u>	<u>Responsibilities</u>
Executive Directors					
Dr. Liu Jincheng (劉金成)	60	Executive Director and chairman of the Board	December 2001	September 22, 2002	Managing the operations of the Board, overall strategic planning and setting the business direction of our Group
Mr. Liu Jianhua (劉建華)	50	Executive Director and president	December 2001	October 19, 2010	Managing the operations of the Board, overall strategic planning and setting the business direction of our Group
Ms. Jiang Min (江敏)	43	Executive Director, vice president, Board secretary, and financial controller	March 2016	October 31, 2022	Managing financial matters, capital operations, compliance matters and Board related matters of the Company

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/Title	Time of Joining our Group	Appointment Effective Date	Responsibilities
Ms. Zhu Yuan (祝媛)	46	Executive Director	July 2004	June 27, 2025	Responsible for managing certain technical and R&D modules
Non-executive Director					
Dr. Ai Xinping (艾新平)	57	Non-executive Director	October 2007	October 19, 2010	Participating in the formulation of our Company’s corporate and business strategies
Independent Non-executive Directors					
Mr. Du Xiaopeng, Simon (杜小鹏)	57	Independent non-executive Director	[REDACTED]	[REDACTED]	Responsible for providing independent opinion and judgment to the Board
Dr. Xie Shisong (谢石松)	61	Independent non-executive Director	October 2025	October 2025	Responsible for providing independent opinion and judgment to the Board
Ms. Li Chunge (李春歌) (“Ms. Li”) . . .	57	Independent non-executive Director	October 2022 ^{Note}	October 31, 2022	Responsible for providing independent opinion and judgment to the Board

Note: Ms. Li served as an independent director of our Company between October 2011 and October 2016. She then resumed the role of an independent director of our Company on October 31, 2022.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Dr. Liu Jincheng (劉金成), aged 60, joined our Group in December 2001 and has served as our chairman of the Board since September 2002. He also served as our president from December 2001 to October 2019. Dr. Liu possesses extensive experience in battery technology, new materials, and business management, and he plays a key role in the strategic development and overall management of the Group, serving various positions within our Group, including serving as a director in our Major Subsidiaries.

Prior to founding the Group, he served as an engineer at the Yangtze River Power Plant (長江電源廠) from July 1985 to March 2000. From May 2000 and before joining the Group, he worked at Huizhou Desay Energy Technology Co., Ltd. (惠州德賽能源科技有限公司). Dr. Liu was a non-executive director of Smoore International Holdings Limited (思摩爾國際控股有限公司), a company listed on the Stock Exchange (stock code: 6969) from October 2019 to December 2022.

Dr. Liu obtained a bachelor's degree in chemistry from Chengdu Institute of Telecommunication Engineering (成都電訊工程學院) (currently known as the University of Electronic Science and Technology of China (電子科技大學)) in the PRC in July 1985, a master's degree in physical chemistry from Wuhan University (武漢大學) in the PRC in July 1993, a doctorate in materials physics and chemistry from South China University of Technology (華南理工大學) in the PRC in December 2004, and an executive master's degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in September 2012. Dr. Liu has been a certified senior engineer (正高級工程師) in the PRC since March 2019.

Mr. Liu Jianhua (劉建華), aged 50, joined our Group in December 2001 and is currently our president. He has been serving as an executive Director of our Company since October 2010, and as our president since October 2019. Previously, he served as our vice president from December 2001 to October 2019. He also serves various positions within our Group, including serving as a director and president in some of our subsidiaries.

Prior to joining the Group, he served as a director and general manager at Suzhou Zhitong Electronics Co., Ltd. (蘇州直通電子有限公司) from May 2003 to February 2018. From October 2017 to April 2021, he served as the general manager and an executive director at Shenzhen Zhidongcang Electronics Technology Co., Ltd. (深圳市知冬藏電子科技有限公司) and Shenzhen Zhiqiushou Electronics Technology Co., Ltd. (深圳市知秋收電子科技有限公司). In addition, he served as an executive director and general manager at Shenzhen Zhichungeng Electronics Technology Co., Ltd. (深圳市知春耕電子科技有限公司) and Shenzhen Zhixiazong Electronics Technology Co., Ltd. (深圳市知夏耕電子科技有限公司) from October 2017 to May 2021.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu obtained a master’s degree in business administration from the University of Wales in November 2007, and an executive master’s degree in business administration from China Europe International Business School (中歐國際商學院) in the PRC in October 2013.

Ms. Jiang Min (江敏), aged 43, joined our Group in March 2016 and is currently our executive Director, vice president, Board secretary and financial controller. Prior to that, she was our deputy finance manager from March 2016 to April 2016, our finance manager from April 2016 to February 2018, and our finance director from February 2018 to January 2021. Ms. Jiang has over 20 years of experience in financial management, corporate governance, and business operations. She also serves various positions within our Group, including serving as a director and financial controller in some of our subsidiaries.

Prior to joining our Group, Ms. Jiang worked at Sony Precision Device (Huizhou) Co., Ltd. (索尼精密部品(惠州)有限公司) from June 2006 to March 2016. Ms. Jiang has also served as a non-executive director of Smoore International Holdings Limited (思摩爾國際控股有限公司), a company listed on the Stock Exchange (stock code: 6969) since December 2022.

Ms. Jiang obtained a bachelor’s degree in accounting from Wuhan University (武漢大學) in the PRC in June 2003. Ms. Jiang also obtained the qualification of board secretary certified by the Shenzhen Stock Exchange in September 2019.

Ms. Zhu Yuan (祝媛), aged 46, joined our Group in July 2004 and was appointed as our executive Director in June 2025. She has over 22 years of experience in technical management and organizational leadership. She first joined our Group as a deputy chief engineer and a deputy general manager of the battery division from July 2004 to September 2017. She was a supervisor of the Company from October 2007 to October 2010. She then became the technical director from August 2016 to July 2023. From October 2016 to June 2025, she was the chairperson of our supervisory board. She also served as the dean of our lithium battery research institute from April 2022 to August 2023. Subsequently, she served as the deputy director of our energy storage institute from August 2023 to September 2023. From August 2022 to October 2023, she was the deputy secretary of our Company’s Party Committee.

She has been a vice-chairperson of our science and technology committee and the dean of our energy storage research institute since July 2023 and September 2023 respectively. Additionally, she has served as the secretary of our Company’s Party Committee since October 2023.

Ms. Zhu obtained a bachelor’s degree in environmental engineering from Nanchang Hangkong Industrial Institute (南昌航空工業學院) (currently known as Nanchang Hangkong University (南昌航空工業大學)) in the PRC in July 2001, and a master’s degree in chemistry from Fuzhou University (福州大學) in the PRC in July 2004.

She was certified as an associate senior engineer in the PRC in December 2020.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Dr. Ai Xinping (艾新平), aged 57, joined our Group in October 2007. He has been a non-executive Director of our Company since October 2010, and previously served as our independent Director from October 2007 to October 2010.

Dr. Ai has over 30 years of experience in scientific research, teaching, and corporate governance. He worked as a lecturer from October 1995 to October 1998, an associate professor from November 1998 to October 2005, and a professor since November 2005 at Wuhan University (武漢大學) in the PRC.

He has also been an independent director of Wuhan Jihechang New Materials Co., Ltd. (武漢吉和昌新材料股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 874693) since August 2022.

Dr. Ai obtained a bachelor’s degree and a doctorate in physical chemistry from Wuhan University (武漢大學) in the PRC in June 1990 and December 1995, respectively.

Independent Non-executive Directors

Mr. Du Xiaopeng, Simon (杜小鵬), aged 57, is appointed as our independent non-executive Director, effective upon [REDACTED]. He has over 20 years of experience in the telecommunications sector.

Between February 1999 to June 2006, Mr. Du served as the director of general manager’s office, human resources minister, deputy general manager, executive deputy general manager, managing director, TCL communication department vice president, and member of TCL group’s president office of Huizhou TCL Mobile Communications Co., Ltd. (惠州TCL移動通信有限公司). He also served as the executive director at of TCL Communication Technology Holdings Limited, a company that was previously listed on the Stock Exchange (stock code: 2618) before it was privatized and delisted in September 2016.

From September 2006 to April 2025, Mr. Du served as the chairman of the board of directors at Shenzhen United Tong Chuang Technology Co., Ltd. (深圳市聯合同創科技有限公司), and currently has served as a director of the company since April 2025. From June 2017 to December 2019, Mr. Du was a director of Qinhuangdao Tianye Tolian Heavy Industry Co., Ltd. (秦皇島天業通聯重工股份有限公司) (currently known as JA Solar Technology Co., Ltd. (晶澳太陽能股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002459). From April 2018 to April 2024, he was an independent director of Shanghai Buke Automation Co., Ltd. (上海步科自動化股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688160). From June 2012 to June 2018, he has been serving as an independent director at Shenzhen Tongwei Digital Technology Co., Ltd. (深圳市同為數碼科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002835) and its director since June 2018. From November 2018 to February 2025, Mr. Du served as an independent director at Sekorm Advanced Technology (Shenzhen) Co., Ltd. (世強先進(深圳)科技股份有限公司).

He obtained a bachelor’s degree in engineering from Xi’an Jiaotong University (西安交通大學) in the PRC in July 1990, a master’s degree in telecommunications and electronic system in The Chinese Academy of Space Technology (中國空間技術研究院) in the PRC in March 1993, and an executive master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in September 2009.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Xie Shisong (謝石松), aged 61, is appointed as our independent non-executive Director, effective in October 2025. Dr. Xie is responsible for providing independent advice to the Board and contributing to the formulation of corporate governance and strategic decisions of the Group.

Dr. Xie has over 30 years of experience in legal education, international law research, and commercial arbitration. From 1991 to October 2023, Dr. Xie served as a lecturer, associate professor, professor at the School of Law, Sun Yat-sen University (中山大學法學院) in the PRC.

Dr. Xie has also held directorships and supervisory positions in other listed companies over the past three years. He has been serving as an independent director of Guangzhou Yuexiu Capital Holdings Group Co., Ltd. (廣州越秀資本控股集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000987), since September 2020. Dr. Xie served as an independent director of Guangzhou Gaolan Energy Conservation Technology Co., Ltd. (廣州高瀾節能技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300499), from May 2017 to May 2023. Additionally, Dr. Xie served as a supervisor of GF Securities Co., Ltd. (廣發證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000776) and listed on the Stock Exchange (stock code: 1776), from June 2020 to May 2024.

Dr. Xie obtained a bachelor’s degree in law in July 1985, a master’s degree in law in September 1988, and a doctorate degree in law in August 1991, all from the School of Law of Wuhan University (武漢大學法學院), located in the PRC.

Ms. Li Chung (李春歌), aged 57, served as an independent Director of our Company from October 2011 to October 2016. She then rejoined our Company in October 2022, and has been serving as an independent Director. Ms. Li has over 30 years’ experience in accounting, finance, and higher education.

Prior to joining our Group, Ms. Li worked as a finance director at Shenzhen Hedan Pharmaceutical Company (深圳市合丹醫藥公司). From July 2003 to September 2022, Ms. Li worked as a faculty member at the department of Economics and Management in Huizhou University (惠州學院) in the PRC.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li has also been serving as an independent director of Guangdong Chenyi Intelligent Technology Co., Ltd. (廣東辰奕智能科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301578), since May 2024.

Ms. Li obtained a bachelor’s degree in accounting from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 1993, a master’s degree in economics from Hebei University (河北大學) in the PRC in June 1997, and a master’s degree in applied financial accounting from the University of Newcastle in December 2001. She obtained a PRC senior accountant qualification in January 2005, a PRC certified public accountant qualification in June 2011, and an independent director qualification from the Shenzhen Stock Exchange in August 2010.

SENIOR MANAGEMENT

The following table sets out key information about our senior management.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Mr. Liu Jianhua (劉建華)	50	Executive Director and president	December 2001	December 24, 2001	Managing the operations of the Board, overall strategic planning and setting the business direction of our Group
Ms. Jiang Min (江敏)	43	Executive Director, vice president, Board secretary, and financial controller	March 2016	October 31, 2022	Managing financial matters, capital operations, compliance matters and Board related matters of the Company

Mr. Liu Jianhua (劉建華), aged 50, is an executive Director and president of our Company. See “— Executive Directors” above for details of his biography.

Ms. Jiang Min (江敏), aged 43, is an executive Director, a vice president, the Board secretary, and the financial controller of our Company. See “— Executive Directors” above for details of her biography.

DIRECTORS AND SENIOR MANAGEMENT

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, there was an incident involving our Company, certain Directors who are also senior management members of our Company, primarily due to inadvertent oversight and unfamiliarity with the relevant requirements under the Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》) in connection with related party interpretation thereunder, who were subject to administrative regulatory measures by the Guangdong Regulatory Bureau of the CSRC (中國證券監督管理委員會廣東監管局) (“**CSRC Guangdong Bureau**”), details of which are as follows:

On August 16, 2023, the CSRC Guangdong Bureau issued a caution letter (警示函) to our Company, Dr. Liu, the chairman of the Board, Mr. Liu Jianhua, executive Director and president of the Company, and Ms. Jiang Min, executive director, vice president, the Board secretary and our financial controller, for failing to cause the Company to timely comply with the approval procedures and disclosure obligations in relation to several related party transactions with Qujing Defang EVE Co., Ltd. (曲靖市德枋億緯有限公司) and Changzhou BTR New Material Technology Co., Ltd. (常州市貝特瑞新材料有限公司) (together with Qujing Defang EVE Co., Ltd., the “**Relevant Related Parties**”) from November 2022 onwards, (the “**Subject Transactions**”). Each of the Relevant Related Parties were related parties of the Company under the applicable provisions under the Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange because Ms. Li Mufen (李沐芬) and Mr. Wang Shifeng (王世峰), who were appointed as the directors of the Relevant Related Parties in December 2022 and November 2022, respectively, were the former senior management members of the Company within 12 months at the time when the Subject Transactions were conducted, and the Subject Transactions should have been subject to applicable disclosure and shareholders’ approval requirements before carrying out. While the Company had made announcements in 2021 to disclose the plan to establish Relevant Related Parties as joint venture and appoint directors in the joint venture, due to inadvertent oversight and unfamiliarity with and/or mistaken interpretation of the relevant disclosure requirements by the relevant staff at the securities department, who was primarily responsible for handling disclosure-related matters, the relevant board and shareholders’ meetings to approve and disclose the Subject Transactions were only held on April 17, 2023 and May 18, 2023, respectively.

Dr. Liu, Mr. Liu Jianhua, and Ms. Jiang Min, as chairman of the Board, president of the Company, and Board secretary/financial controller of the Company, respectively, were found to have been involved in the failure to fulfill their duties of diligence and responsibility in accordance with Article 4 and Article 51 of the Administrative Measures for Information Disclosure of Listed Companies (《上市公司信息披露管理辦法》), resulting in the aforementioned violations. Accordingly, pursuant to Article 52 of the Administrative Measures for Information Disclosure of Listed Companies, the CSRC Guangdong Bureau decided to take the administrative regulatory measure of issuing a caution letter against the Company and the above individuals. The Shenzhen Stock Exchange also issued a regulatory letter to the Company on July 11, 2023 for failing to comply with the applicable provisions under the Rules Governing the Listing of Stocks on the ChiNext Market of the Shenzhen Stock Exchange in connection with the Subject Transaction.

DIRECTORS AND SENIOR MANAGEMENT

Prior to receipt of the caution letter, and upon identification by the Company itself of the Subject Transactions during the course of preparing the annual report for the year ended December 31, 2022, the Company and the responsible persons immediately attached great importance to the issues identified and have conducted necessary and effective remedial measures at once, including (i) thorough review of the list of related parties and related transactions to identify any further possible related party transactions; (ii) immediately refraining from carrying out the Subject Transactions until the same have been duly rectified and approved by the Board and Shareholders and (iii) making disclosure of the Subject Transactions through announcement immediately upon identification of the Subject Transactions to inform the Shareholders of the details of the transaction and that the Subject Transactions were conducted for business development and needs of the Company on fair and reasonable basis, and did not affect the interest of the Company and its Shareholders.

Following the aforementioned incident, the Company and the responsible persons have implemented further follow-up actions to prevent recurrence of similar incidents and safeguard the interest of the Company and Shareholders as a whole, including: (i) continuously enhancing awareness and legal knowledge related to relevant rules and regulations on related party transactions through trainings conducted by professional parties; (ii) further strengthening internal control and standardization of internal screening, reporting and information disclosure system relating to related party transactions; and (iii) regularly conducting internal evaluation and strictly adhering to approval and disclosure obligations relevant to related party transactions.

As at the Latest Practicable Date and to our best knowledge, (i) all such incidents have been concluded, (ii) there has not been any further regulatory request, action or correspondence between the Company, relevant Directors or senior management members on one hand and the Shenzhen Stock Exchange and/or the CSRC Guangdong Bureau on the other hand, and (iii) other than disclosed above, neither of our Company, Dr. Liu, Mr. Liu Jianhua, nor Ms. Jiang Min have been imposed any other penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the aforementioned incidents.

Notwithstanding the above incidents, our Board is of the view that such administrative regulatory measure does not impugn the integrity or suitability of Dr. Liu, Mr. Liu Jianhua, and Ms. Jiang Min to serve as our Directors and/or senior management members of the Company under Rules 3.08 and 3.09 of the Listing Rules, based on the following factors:

- the non-compliant conduct involved in such incident was unintentional and primarily due to inadvertent oversight and unfamiliarity with and/or mistaken interpretation of the relevant disclosure requirements by the relevant staff at the securities department, who was primarily responsible for handling disclosure-related matters, and did not involve findings of fraud and dishonesty on the part of each of Dr. Liu, Mr. Liu Jianhua, and Ms. Jiang Min or raise concern on their respective integrity; and once being aware of the non-compliant conduct, they have promptly informed the Company of such incident and took rectification measures as appropriate and effective, including attending training sessions and making the relevant disclosure and obtaining necessary shareholders' approval;

DIRECTORS AND SENIOR MANAGEMENT

- as advised by our PRC Legal Advisor, the caution letter issued by the CSRC Guangdong Bureau does not constitute administrative penalties or public censure under the PRC securities regulatory laws, regulations or rules on each of Dr. Liu, Mr. Liu Jianhua, and Ms. Jiang Min; and
- as advised by our PRC Legal Advisor, the administrative regulatory measure in relation to all such incident would not impair, and there has not been any rulings made by the competent authorities that affect, the suitability of each of Dr. Liu, Mr. Liu Jianhua, and Ms. Jiang Min to serve as a director and/or senior management member of a PRC company (including listed companies) or as a Director and/or senior management member of the Company, pursuant to the PRC Company Law, the PRC Securities Law and other PRC laws and regulations.

GENERAL

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

Save as disclosed above, none of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

Save as disclosed herein, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Jiang Min (江敏) was appointed as a joint company secretary of our Company in June 2025 with effect from the [REDACTED]. See “— Executive Directors” above for details of her biography.

Ms. Fung Wai Sum (馮慧森), is a joint company secretary of our Company. Ms. Fung is currently the company secretary/joint company secretary of various listed companies on the Stock Exchange, namely FriendTimes Inc. (友誼時光股份有限公司) (stock code: 6820), Tongdao Liepin Group (同道獵聘集團) (stock code: 6100), Greenland Hong Kong Holdings Limited (綠地香港控股有限公司) (stock code: 0337), Shenzhen Neptunus Interlong Bio-technique Company Limited (深圳市海王英特龍生物技術股份有限公司) (stock code: 8329), China ZhengTong Auto Services Holdings Limited (中國正通汽車服務控股有限公司) (stock code: 1728), ClouDr Group Limited (stock code: 9955), YSB Inc. (藥師幫股份有限公司) (stock code: 9885) and Migao Group Holdings Limited (米高集團控股有限公司) (stock code:

DIRECTORS AND SENIOR MANAGEMENT

9879). Ms. Fung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Fung obtained her master’s degree in professional accounting and corporate governance from City University of Hong Kong in November 2008.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Evaluation Committee and the Strategy and Sustainable Development Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. Upon [REDACTED], the Audit Committee consists of three Directors, namely Ms. Li Chung (李春歌), Dr. Xie Shisong (謝石松) and Dr. Ai Xinping (艾新平). Ms. Li Chung (李春歌), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, reviewing the Company’s financial information and its disclosure, monitoring and evaluating internal and external audit work and internal controls.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. Upon [REDACTED], the Nomination Committee consists of three Directors, namely Ms. Li Chung (李春歌), Dr. Liu and Dr. Xie Shisong (謝石松). Ms. Li Chung (李春歌) serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and selecting and examining the qualifications of the candidates for our Board members, chief executive officer and members of the senior management.

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Remuneration and Evaluation Committee

We have established a Remuneration and Evaluation Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. Upon [REDACTED], the Remuneration and Evaluation Committee consists of [three] Directors, namely Dr. Xie Shisong (謝石松), Ms. Li Chung (李春歌) and Ms. Jiang Min (江敏). Dr. Xie Shisong (謝石松) serves as the chairperson of the Remuneration and Evaluation Committee. The primary duties of the Remuneration and Evaluation Committee include, but not limited to, formulating evaluation standard for Directors and senior management and implementation of the evaluation, and formulating and reviewing the remuneration policies and plans for Directors and senior management.

Strategy and Sustainable Development Committee

We have established a Strategy and Sustainable Development Committee. The Strategy and Sustainable Development Committee consists of three Directors, namely Dr. Liu, Mr. Liu Jianhua (劉建華) and Dr. Ai Xinping (艾新平). Dr. Liu serves as the chairperson of the Strategy and Sustainable Development Committee. The primary duties of the Strategy and Sustainable Development Committee include, but not limited to, conducting research and making recommendations on our Company’s long-term development plan, major investment decisions, and sustainable development initiatives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

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

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration paid or payable to our Directors amounted to RMB10,487,000, RMB15,854,000, and RMB5,664,000, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2025 to be approximately RMB34,726,000.

The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB20,400,000, RMB37,222,000 and RMB17,945,000 for the years ended December 31, 2022, 2023 and 2024 respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

For additional information on Directors’ remuneration during the Track Record Period as well as information on the highest paid individuals, please see Notes 10 and 11 to the Accountants’ Report set out in Appendix I to this Document. For the details of the share awards that were granted to our Directors and senior management, see “Statutory and General Information — ESOP Plan” in Appendix IV for further details.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. Pursuant to our board diversity policy, we aim to continue to have at least 20% female representation in the Board and the current composition of the Board satisfies this target gender ratio with three female Directors. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [REDACTED], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (c) where we propose to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [REDACTED] volume of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the total issued share capital of our Company was held as to approximately 3.79% by Dr. Liu, 4.04% by Ms. Luo, who is Dr. Liu’s spouse, and 32.02% by EVE Holdings, which was in turn held by Dr. Liu and Ms. Luo as to 50% each. Therefore, as of the Latest Practicable Date, Dr. Liu, Ms. Luo and EVE Holdings collectively controlled the voting rights of approximately 39.85% of the total issued share capital of the Company.

Immediately following the completion of the [REDACTED] and assuming no new Shares are issued pursuant to the [REDACTED] and under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds, Dr. Liu, Ms. Luo and EVE Holdings will collectively hold approximately [REDACTED]% of our issued share capital. Accordingly, Dr. Liu, Ms. Luo and EVE Holdings will continue to be our Controlling Shareholders upon the completion of the [REDACTED].

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the [REDACTED].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of suppliers, customers and business partners. Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and/or its close associates during the Track Record Period and will continue to operate independently of the business of our Controlling Shareholders upon [REDACTED].

Management Independence

Our management and operational decisions are made by the Board in a collective manner. Upon [REDACTED], the Board comprises eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to Controlling Shareholders and their respective close associates for the following reasons:

- (a) except for Dr. Liu who is one of the Controlling Shareholders and Ms. Luo’s spouse and holds 50% of equity interest in EVE Holdings, all other Directors and senior management have no other relationship with our Controlling Shareholders and its close associates. They have substantial experience in the industry and have been with our Group in management capacity for a number of years as further described in the section headed “Directors and Senior Management”, which will enable them to discharge their duties independently from the Controlling Shareholders. Specifically, when performing his duty as one of the executive Directors of the Company, Dr. Liu has been devoting and will continue to allocate adequate amount of time and efforts to the management and operation of our Group and would bear the best interests of the Company and the Shareholders as a whole;
- (b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;
- (c) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company’s best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests;
- (d) our Company is an A-share listed company and has established internal control mechanisms to identify related party transactions and connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. Where a Board meeting or Shareholders’ meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and its close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting; and
- (e) we have adopted a series of corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would enhance our independent management. For further information, see “— Corporate Governance Measures” below.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

Our Group has its own internal control, accounting, funding, reporting and financial management system as well as accounting and finance department. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with our Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with our Controlling Shareholders or any other entities controlled by it.

As of the Latest Practicable Date, our Group does not rely on our Controlling Shareholders and/or its close associates for any provision of financial assistance. Our Directors confirm that as of the Latest Practicable Date, on one hand, none of the Controlling Shareholders or its close associates provided any loans, guarantees or pledges to our Group and, on the other hand, our Group did not provide any loans, guarantees or pledges to our Controlling Shareholders.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and its close associates.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- our Group has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent Shareholders’ approval;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expenses; and
- we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

CONNECTED TRANSACTIONS

Upon [REDACTED], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following entities expected to constitute our connected persons under Chapter 14A of the Listing Rules upon [REDACTED], which will constitute continuing connected transactions upon [REDACTED]:

Name of Connected Persons	Connected Relationship
EVE Holdings and/or its associates (collectively referred to as “ EVE Holdings Group ”)	EVE Holdings is owned as to 50% by Dr. Liu, our executive Director and chairman of the Board, and 50% by his spouse, Ms. Luo, and is one of our Controlling Shareholders. Therefore, EVE Holdings will be a connected person of our Company upon [REDACTED].
EVE Hydrogen Energy Co., Ltd. (惠州億緯氢能有限公司) (“ EVE Hydrogen ”) and/or its associates (collectively referred to as “ EVE Hydrogen Group ”)	EVE Hydrogen is a 30%-controlled company (as defined under the Listing Rules) of Dr. Liu, our executive Director, chairman of the Board and one of our Controlling Shareholders. Therefore, EVE Hydrogen will be a connected person of our Company upon [REDACTED].
SK On Co., Ltd. (“ SKO ”) and/or its associates (collectively referred to as “ SKO Group ”)	As of the Latest Practicable Date, SKO is the minority shareholder holding 49% of Huizhou EVE United Energy Co., Ltd. (惠州億緯集能有限公司), a subsidiary of our Company. Therefore, SKO will be a connected person at the subsidiary level of our Company upon [REDACTED].

CONNECTED TRANSACTIONS

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Applicable Listing Rules	Waiver/ confirmation sought	Proposed annual cap for the year ending December 31, 2025
<i>(RMB in million)</i>				
<i>Non-exempt continuing connected transactions</i>				
Purchase and Sales Framework Agreement (EVE Holdings)	EVE Holdings	14A.35, 14A.36 and 14A.105	Announcement, circular and independent shareholders’ approval	
– Procurement of the relevant products and services				2,264.00
– Supply of the relevant products and services				604.00
<i>Partially-exempt continuing connected transactions</i>				
Purchase and Sales Framework Agreement (SKO)	SKO	14A.76(2)(a) and 14A.105	Announcement	
– Procurement of the relevant products and services				162.00
– Supply of the relevant products and services				1,600.00
Entrusted Processing and R&D Framework Agreement (EVE Holdings)	EVE Holdings	14A.76(2)(a) and 14A.105	Announcement	
– Service fees payable				323.00
Automobile Leasing Framework Agreement (EVE Holdings)	EVE Holdings	14A.76(2)(a) and 14A.105	Announcement	
– Rent payable for lease of automobiles				88.00
<i>Fully-exempt continuing connected transactions</i>				
Energy Management and Conservation Services Agreements	Hubei Jinquan (as defined below)	14A.52 and 14A.76(1)(a)	N/A	N/A

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Purchase and Sales Framework Agreement (EVE Holdings)

Principal terms

On [●], in order to regulate the ongoing purchase and sales transactions between our Group and EVE Holdings Group, our Company [entered into] a purchase and sales framework agreement with EVE Holdings (the “**Purchase and Sales Framework Agreement (EVE Holdings)**”), pursuant to which, (a) EVE Holdings Group would, from time to time, supply (i) raw materials, parts and components, consumables (including but not limited to battery-grade lithium chloride, cathode materials, lithium salts, carbon nanotube conductive paste, NMP and consumables); (ii) after-sale services, construction services; and (iii) such other goods and/or services as our Group may require from time to time to our Group; and (b) our Group would, from time to time, supply products, modules, systems, waste products, after-sale services, maintenance services and such other goods and/or services as EVE Holdings Group may require from time to time to EVE Holdings Group.

The term of the Purchase and Sales Framework Agreement (EVE Holdings) will commence from the [REDACTED] and expire on December 31, 2025. The Purchase and Sales Framework Agreement (EVE Holdings) will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules.

Subject to the terms of the Purchase and Sales Framework Agreement (EVE Holdings), members of our Group will enter into specific agreements with members of the EVE Holdings Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Purchase and Sales Framework Agreement (EVE Holdings).

Reasons for and benefits of the transactions

The supply of the relevant products and services under the Purchase and Sales Framework Agreement (EVE Holdings) are conducted in the ordinary course of business of the Group, which satisfy the needs of the EVE Holdings Group’s business development and conducive to the healthy and stable development of the Group.

The procurement under the Purchase and Sales Framework Agreement (EVE Holdings) are ordinary purchases of products necessary in the production and operation of the Group and the entering into of the Purchase and Sales Framework Agreement (EVE Holdings) provides our Group with a stable and reliable source of raw materials, parts and components, which facilitates our Group’s business development as it ensures a consistent supply chain and enhances our Group’s operational efficiency.

CONNECTED TRANSACTIONS

Pricing policy

The overall terms and conditions (including but not limited to price, payment terms and credit terms) as a whole offered by the relevant member of EVE Holdings Group to the relevant members of our Group shall be no less favourable to the relevant member of our Group than those offered by Independent Third Parties and shall be on normal commercial terms or better. Each individual agreement shall be negotiated on arm’s length basis. In determining whether the overall terms and conditions are no less favourable to the relevant member of our Group than those offered by Independent Third Parties, our Group will take into account all relevant factors including the fair market price ranges and pricing terms of identical products and/or services, or (if that is not available) of comparable or similar quality, specifications, quantities, etc. offered by Independent Third Parties in the market as at the time when the individual agreement is entered into. In relation to the supply of relevant products and services, our Group will also take into account the costs of providing such products and services, as well as a reasonable profit margin.

Historical amount, annual cap and basis for annual cap

The table below sets out the historical amounts for the three years ended December 31, 2024:

	Historical transaction amount for the year ended December 31,		
	2022	2023	2024
	(RMB in million)		
<i>Procurement of the relevant products and services</i>	360.90	498.99	1,184.19
<i>Supply of the relevant products and services</i>	215.16	156.23	213.27

Our Company proposes to set up the annual caps for the year ending December 31, 2025 as follows:

	Proposed annual cap for the year ending December 31,
	2025
	(RMB in million)
<i>Procurement of the relevant products and services</i>	2,264.00
<i>Supply of the relevant products and services</i>	604.00

CONNECTED TRANSACTIONS

The annual caps for the fees payable by our Group in respect of the procurement of the relevant products and services from EVE Holdings Group for the year ending December 31, 2025 are determined with reference to, among others:

- (i) the historical transaction amounts for procurement of the relevant products and services during the Track Record Period;
- (ii) the projected demand for the relevant products and services by our Group to meet the expected needs for our business development (including the types and quantities of products to be produced in the future, as well as reasonable wastage); and
- (iii) other factors including but not limited to the possible fluctuation in the unit prices of EVE Holdings Group’s services and products, taking into account the costs and expenses relating to raw materials, labour etc., exchange rate fluctuations as well as market trends.

The annual caps for the fees receivable by our Group in respect of the supply of the relevant products and services for the year ending December 31, 2025 are determined with reference to, among others:

- (i) the historical transaction amounts for sale/provision of the relevant products and services during the Track Record Period;
- (ii) the projected demand for the relevant products and services by EVE Holdings Group to meet the expected needs for their business development; and
- (iii) other factors including but not limited to the possible fluctuation in the unit prices of our Group’s services and products, taking into account the costs and expenses relating to raw materials, labour etc., exchange rate fluctuations as well as market trends.

Listing Rules Implications

The transactions contemplated under the Purchase and Sales Framework Agreement (EVE Holdings) are conducted in the ordinary and usual course of business on normal commercial terms, and our Directors currently expect that the highest applicable percentage ratio under the Listing Rules in respect of such transactions will exceed 5% on an annual basis. As such, these transactions will be subject to annual review, reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Purchase and Sales Framework Agreement (SKO)

Principal terms

On [●], in order to regulate the ongoing purchase and sales transactions between our Group and SKO Group, our Company [entered into] a purchase and sales framework agreement with SKO (the “**Purchase and Sales Framework Agreement (SKO)**”), pursuant to which, (i) SKO Group would, from time to time, supply separators, cathode material and other raw materials for batteries and such other goods as our Group may require from time to time to our Group; and (ii) our Group would, from time to time, supply batteries and such other goods as SKO Group may require from time to time to SKO Group.

The term of the Purchase and Sales Framework Agreement (SKO) will commence from the [REDACTED] and expire on December 31, 2025. The Purchase and Sales Framework Agreement (SKO) will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules.

Subject to the terms of the Purchase and Sales Framework Agreement (SKO), members of our Group will enter into specific agreements with members of the SKO Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Purchase and Sales Framework Agreement (SKO).

Historical amount, annual cap and basis for annual cap

The table below sets out the historical amounts for the three years ended December 31, 2024:

	Historical transaction amount for the year ended December 31,		
	2022	2023	2024
	(RMB in million)		
<i>Procurement of the relevant products . .</i>	550.08	465.80	328.36
<i>Supply of the relevant products</i>	5,869.39	6,964.90	2,208.60

CONNECTED TRANSACTIONS

Our Company proposes to set up the annual caps for the year ending December 31, 2025 as follows:

	Proposed annual cap for the year ending December 31,
	2025
	<i>(RMB in million)</i>
<i>Procurement of the relevant products</i>	162.00
<i>Supply of the relevant products</i>	1,600.00

The proposed annual caps are determined based on, among others: (i) the historical amounts of the transactions between our Group and SKO Group during the Track Record Period; (ii) the projected demand for the relevant products by our Group and SKO Group (including the types and quantities of products to be produced in the future, as well as reasonable wastage); and (iii) other factors including but not limited to the possible fluctuation in the unit prices of the relevant products, taking into account the costs and expenses relating to raw materials, labour etc., exchange rate fluctuations as well as market trends.

Reasons for and benefits of the transactions

SK On Co., Ltd. is a company incorporated in South Korea engaging in manufacturing of car batteries and other products. It is a subsidiary of SK Innovation Co., Ltd., a company listed on the Korea Exchange (stock code: 096770).

The sales under the Purchase and Sales Framework Agreement (SKO) are conducted in the ordinary course of business of the Group, which satisfy the needs of the SKO Group business development and conducive to the healthy and stable development of the Group. The purchases under the Purchase and Sales Framework Agreement (SKO) are ordinary purchases of products necessary in the production and operation of the Group, which satisfy the needs of the Group’s business development and enable the Group to satisfy customers’ specified material demands.

Pricing policy

The overall terms and conditions (including but not limited to price, payment terms and credit terms) as a whole offered by the relevant member of SKO Group to the relevant members of our Group shall be no less favourable to the relevant member of our Group than those offered by Independent Third Parties and shall be on normal commercial terms or better. Each individual agreement shall be negotiated on arm’s length basis. In determining whether the overall terms and conditions are no less favourable to the relevant member of our Group than those offered by Independent Third Parties, our Group will take into account all relevant factors including the fair market price ranges and pricing terms of products and/or services of

CONNECTED TRANSACTIONS

identical, or (if that is not available) of comparable or similar quality, specifications, quantities, etc. offered by Independent Third Parties in the market as at the time when the individual agreement is entered into. In relation to the supply of relevant products, the Group will also take into account the costs of supplying such products, as well as a reasonable profit margin.

Listing Rules Implications

The highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 1% but will not exceed 5% on an annual basis for continuing connected transactions under the Purchase and Sales Framework Agreement (SKO). Accordingly, the continuing connected transactions under the Purchase and Sales Framework Agreement (SKO) are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Entrusted Processing and R&D Framework Agreement (EVE Holdings)

Principal terms

On [●], our Company [entered into] an entrusted processing and R&D framework agreement with EVE Holdings (the “**Entrusted Processing and R&D Framework Agreement (EVE Holdings)**”), pursuant to which, our Group may from time to time engage EVE Holdings Group to provide entrusted processing and R&D services (such as the processing of crude NMP into refined NMP and the R&D of injection molded components and structural parts).

The term of the Entrusted Processing and R&D Framework Agreement (EVE Holdings) will commence from the [REDACTED] and expire on December 31, 2025. The Entrusted Processing and R&D Framework Agreement (EVE Holdings) will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules.

Subject to the terms of the Entrusted Processing and R&D Framework Agreement (EVE Holdings), members of our Group will enter into specific agreements with members of the EVE Holdings Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Entrusted Processing and R&D Framework Agreement (EVE Holdings).

Reasons for and benefits of the transactions

The receipt of entrusted processing and R&D services under the Entrusted Processing and R&D Framework Agreement (EVE Holdings) are conducted in the ordinary course of business of the Group, which satisfy the needs of the Group’s business development and conducive to the healthy and stable development of the Group.

CONNECTED TRANSACTIONS

Pricing policy

The service fees to be paid by our Group for the services under the Entrusted Processing and R&D Framework Agreement (EVE Holdings) shall be determined in accordance with the pricing principle of transactions between related parties to ensure fairness and reasonableness, with reference to factors including but not limited to the official governmental and the industry pricing standards or market rate of the fee and price quotes. For fees and prices determined with reference to market rate, the parties shall keep track of the market prices and adjust the fees and prices in a timely manner with reference to the changes in market prices.

Historical amount, annual cap and basis for annual cap

The table below sets out the historical amounts for the three years ended December 31, 2024:

	Historical transaction amount for the year ended December 31,		
	2022	2023	2024
	(RMB in million)		
<i>Service fees payable</i>	20.03	180.22	208.59

Our Company proposes to set up the annual caps for the year ending December 31, 2025 as follows:

	Historical transaction amount for the year ending December 31,
	2025
	(RMB in million)
<i>Service fees payable</i>	323.00

The proposed annual caps are determined based on, among others: (i) the historical amounts of the transactions between our Group and EVE Holdings Group during the Track Record Period; (ii) the projected demand for the entrusted processing and R&D services by our Group; and (iii) other factors including but not limited to the possible fluctuation in the unit prices of the entrusted processing and R&D services, taking into account the costs and expenses relating to raw materials, labour etc., exchange rate fluctuations as well as market trends.

CONNECTED TRANSACTIONS

Listing Rules Implications

The highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but will not exceed 5% on an annual basis for continuing connected transactions under the Entrusted Processing and R&D Framework Agreement (EVE Holdings). Accordingly, the continuing connected transactions under the Entrusted Processing and R&D Framework Agreement (EVE Holdings) are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Automobile Leasing Framework Agreement (EVE Holdings)

Principal terms

On [●], our Company [entered into] an automobile leasing framework agreement with EVE Holdings (the “**Automobile Leasing Framework Agreement (EVE Holdings)**”), pursuant to which, our Group may from time to time lease automobiles (such as new energy vehicles, trucks and tow trucks) from EVE Holdings Group.

The term of the Automobile Leasing Framework Agreement (EVE Holdings) will commence from the [REDACTED] and expire on December 31, 2025. The Automobile Leasing Framework Agreement (EVE Holdings) will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules.

Subject to the terms of the Automobile Leasing Framework Agreement (EVE Holdings), members of our Group will enter into specific agreements with members of the EVE Holdings Group to set out specific terms and conditions when necessary according to the principles and scope provided for under the Automobile Leasing Framework Agreement (EVE Holdings).

Reasons for and benefits of the transactions

Our Group’s daily business operation require the use of automobiles to facilitate efficient transportation and logistics. In addition, our Company also provides vehicles for employee use, which not only reduces employees’ commuting costs but also enhances their satisfaction and sense of belonging towards our Company, while ensuring their convenient transportation options. Our Company considers that it is cost effective to rent automobiles (as compared to owning a fleet) since our Company could avoid significant upfront costs associated with purchasing vehicles as well as ongoing expenses. EVE Holdings Group maintains professional vehicle leasing operation. The entering into of the Automobile Leasing Framework Agreement (EVE Holdings) provides our Company with flexibility to adjust vehicle needs based on changing demands without requiring additional guarantees or long-term negotiations.

CONNECTED TRANSACTIONS

Pricing policy

The rent to be paid by our Group to EVE Holdings Group for lease of automobiles pursuant to the Automobile Leasing Framework Agreement (EVE Holdings) shall be determined in accordance with the pricing principle of transactions between related parties to ensure fairness and reasonableness, with reference to factors including but not limited to the official governmental and the industry pricing standards or market rate of the fee and price quotes. For fees and prices determined with reference to market rate, the parties shall keep track of the market prices and adjust the fees and prices in a timely manner with reference to the changes in market prices.

Historical amount, annual cap and basis for annual cap

The table below sets out the historical amounts for the three years ended December 31, 2024:

	Historical transaction amount for the year ended December 31,		
	2022	2023	2024
	(RMB in million)		
<i>Rent payable for lease of automobiles . .</i>	0.51	0.58	0.54

Our Company proposes to set up the annual caps for the year ending December 31, 2025 as follows:

	Proposed annual cap for the year ending December 31,
	2025
	(RMB in million)
<i>Rent payable for lease of automobiles</i>	88.00

The proposed annual caps are determined based on, among others, the expected demand for automobiles required by our Group for the year ending December 31, 2025, including approximately 2,000 new energy vehicles and corresponding expected monthly rent.

Listing Rules Implications

The highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but will not exceed 5% on an annual basis for continuing connected transactions under the Automobile Leasing Framework Agreement (EVE Holdings). Accordingly, the continuing connected transactions under the Automobile Leasing Framework Agreement (EVE Holdings) are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Energy Management and Conservation Services Agreements

EVE Energy Storage Company Limited (武漢億緯儲能有限公司) (“**EVE Energy Storage**”), a subsidiary of our Company, entered into an energy management and conservation services agreement with Hubei Jinquan New Materials Co., Ltd. (湖北金泉新材料有限公司) (“**Hubei Jinquan**”), a member of the EVE Holdings Group, on December 20, 2023 for a 6.88 MWh distributed energy storage project, pursuant to which Hubei Jinquan would be responsible for providing the sites of the distributed energy storage project while EVE Energy Storage would be responsible for the investment and operation of the distributed energy storage project (including approval, design, engineering, and subsequent operation services), and the energy-saving benefits generated by the project will be shared between Hubei Jinquan and EVE Energy based on a shared savings model with a benefit-sharing period of 12 years.

EVE Digital Power Technology Company Limited (湖北億緯數字能源技術有限公司) (“**EVE Digital Power**”), a subsidiary of our Company, entered into an energy management agreement with Hubei Jinquan, a member of the EVE Holdings Group, on [●] for a period of 25 years, with EVE Digital Power for a 5MW photovoltaic energy management project, pursuant to which Hubei Jinquan would be responsible for providing the rooftop and the site for photovoltaic power station while EVE Digital Power would be responsible for construction and operation of the photovoltaic power station (including approval, design, engineering and subsequent operation services). Hubei Jinquan will pay the electricity cost based on fixed price per unit and the amount of electricity consumed, and EVE Digital Power will be exempt from paying Hubei Jinquan for using the site to operate the photovoltaic power station, provided that the electricity cost offered by EVE Digital Power is not higher than the market price.

Through the distributed energy storage project and photovoltaic energy management project, EVE Energy Storage and EVE Digital Power will benefit from a long-term benefit-sharing plan. Our Directors are of the view that the Energy Management and Conservation Services Agreements have been arrived at after arm’s length negotiations and that the terms are fair and reasonable, on normal commercial terms or better and are in the interest of our Company and Shareholders as a whole.

As required by Rule 14A.52 of the Listing Rules, the period for continuing connected transactions must not exceed three years, except in cases where the nature of the transaction requires the contract to be of a duration longer than three years. Our Directors are of the view that each of the Energy Management and Conservation Services Agreements was entered into on normal commercial terms and believe it is normal business practice and in the interests of us and our Shareholders as a whole for the term of each of the Energy Management and Conservation Services Agreements to be longer than three years. For details, see “Directors’ view” in this section below.

CONNECTED TRANSACTIONS

Other Fully-Exempt Continuing Connected Transactions

In the usual and ordinary course of business, we have also entered into, and will, upon [REDACTED], continue to enter into certain transactions (the “**Other Fully-exempt Continuing Connected Transactions**”) with (i) EVE Holdings Group, EVE Hydrogen Group and SKO Group for property leasing; (ii) EVE Holdings Group for provision of our entrusted processing services; (iii) SKO Group for the provision and procurement of services (such as administrative and management services, technology and inspection services); (iv) EVE Hydrogen Group for sales of electricity; and (v) EVE Holdings Group for grant of rights to use of certain trademarks of our Company. The prices under the Other Fully-exempt Continuing Connected Transactions shall be determined by commercial negotiation between the parties on arm’s length basis and the terms shall be no less favorable than those provided to our Group by Independent Third Parties or by Independent Third Parties to our Group.

Listing Rules Implications

Our Directors currently expect that the highest applicable percentage ratio in respect of the above fully-exempt connected transactions (including the Energy Management and Conservation Services Agreements) calculated for the purpose of Chapter 14A of the Listing Rules, will be less than 0.1% (or less than 1% in the context of such transactions with connected persons at the subsidiary level) on an annual basis. Under Rule 14A.76(1) of the Listing Rules, such transactions will be fully exempt from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Purchase and Sales Framework Agreement (EVE Holdings), we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] to us, a waiver from strict compliance with the announcement, circular and independent shareholders’ approval requirements, subject to the condition that the aggregate value of transactions conducted under the Purchase and Sales Framework Agreement (EVE Holdings) shall not exceed the relevant proposed annual caps set forth above.

In relation to the Purchase and Sales Framework Agreement (SKO), the Entrusted Processing Framework Agreement (EVE Holdings) and the Automobile Leasing Framework Agreement (EVE Holdings), we have applied for, and the Hong Kong Stock Exchange [has granted] to us, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the year ending December 31, 2025 shall not exceed the relevant proposed annual caps set forth above.

CONNECTED TRANSACTIONS

DIRECTORS’ VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions described above have been and shall be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) that the respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Further, our Directors are of the view that it is in the interests of us and our Shareholders as a whole for the term of each of the Energy Management and Conservation Services Agreements to be longer than three years given (i) the roles of EVE Energy Storage and EVE Digital Power in such projects which involved their initial investments, and (ii) the nature of such projects being long-term projects with a benefit-sharing model, a substantial length of the term of contract is essential from a commercial perspective to enable EVE Energy Storage and EVE Digital Power to recoup its investment return.

SOLE SPONSOR’S VIEW

Based on the documentation, information and data provided by our Company and participation in the due diligence with our Company, the Sole Sponsor is of the view that: (i) the aforesaid non-exempt and partially exempt continuing connected transactions for which waivers have been sought have been and will be entered into in the ordinary and usual course of business of our Company on normal commercial terms or better, that are fair and reasonable, and are in the interests of our Company and its Shareholders as a whole; and (ii) the proposed annual caps of the foregoing non-exempt and partially exempt continuing connected transactions are fair and reasonable and in the interests of our Company and its Shareholders as a whole. Further, having considered the transaction nature of the Energy Management and Conservation Services Agreements, the Sole Sponsor is of the view that nothing causes it to believe that it is not a normal business practice for agreements of similar nature to be of a term of longer than three years.

INTERNAL CONTROL MEASURES

In order to ensure that (i) the terms of the aforesaid continuing connected transactions for which waivers have been sought are fair and reasonable, and no more favorable to the respective connected persons than terms available to Independent Third Parties, and (ii) such transactions thereunder are carried out under normal commercial terms or better, we will adopt the following internal control procedures upon the [REDACTED]:

- our Board and the finance department of our Group will be jointly responsible for evaluating such transactions, in particular, the fairness of the pricing policies and annual caps to ensure compliance with the Listing Rules;

CONNECTED TRANSACTIONS

- the legal department and the finance department of our Group will be jointly responsible for reviewing our Group’s list of connected persons and information about such transactions to ensure such information is consistent, accurate and complete, and in compliance with the Listing Rules;
- the legal department and the finance department of our Group will regularly monitor the fulfillment status of the annual caps and the transaction updates of such transactions;
- the legal department and the finance department of our Group will regularly monitor such transactions and shall timely report to our Board once they are made aware of any non-compliant matters or that certain connected transactions have been restricted by any regulatory authorities; and
- our independent non-executive Directors and auditors will conduct annual review of such transactions and provide annual confirmation to ensure that, in accordance with the Listing Rules, such transactions are conducted in accordance with the terms and pricing policies of the respective agreements, and are on normal commercial terms or better.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and assuming no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the following persons will have an interest and/or short position in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Shareholder	Capacity/Nature of Interest	Description of Shares	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming no exercise of the [REDACTED] and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds)		
			Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in our Company
EVE Holdings	Beneficial owner	A Shares	655,064,787	32.02%	655,064,787	32.02%	[REDACTED]%
Dr. Liu	Beneficial owner	A Shares	77,430,681	3.79%	77,430,681	3.79%	[REDACTED]%
	Interest of spouse	A Shares	82,649,082	4.04%	82,649,082	4.04%	[REDACTED]%
	Interest in controlled corporation	A Shares	655,064,787	32.02%	655,064,787	32.02%	[REDACTED]%
Ms. Luo	Beneficial owner	A Shares	82,649,082	4.04%	82,649,082	4.04%	[REDACTED]%
	Interest of spouse	A Shares	77,430,681	3.79%	77,430,681	3.79%	
	Interest in controlled corporation	A Shares	655,064,787	32.02%	655,064,787	32.02%	[REDACTED]%

Note:

- All interests stated are long positions in the Shares.
- As at the Latest Practicable Date, each of EVE Holdings, Dr. Liu and Ms. Luo pledged 366,710,000, 13,410,000 and 6,100,000 A Shares held by them to certain financial institutions in the PRC such as asset management companies and trust management companies as securities for certain financings provided by these companies to the Controlling Shareholders, representing approximately 18.88% of the total number of issued Shares.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and in the section headed “Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Interests of the substantial shareholders in other members of our Group”, our Directors are not aware of any person who will, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE PLEDGES BY OUR CONTROLLING SHAREHOLDERS

EVE Holdings, Dr. Liu and Ms. Luo have from time to time pledged the A Shares they own to certain financial institutions in the PRC such as commercial banks, asset management companies and trust management companies and securities companies as collateral in order to obtain financing (the “**Pledge Financing**”). Such Pledge Financing will continue, and will be renewed, extended and/or refinanced after [REDACTED]. Depending on the market value of the A Shares, the number of the A Shares to be pledged by the Controlling Shareholders under the Pledge Financing may vary accordingly. As of the Latest Practicable Date, EVE Holdings, Dr. Liu and Ms. Luo respectively pledged 366,710,000, 13,410,000 and 6,100,000 A Shares held by them, representing approximately 17.93%, 0.66% and 0.30% of the total number of issued Shares.

The Pledge Financing is subject to loan-to-value ratio requirements that would be triggered by a material decrease in value of the A Shares, in which cases the Controlling Shareholders will be requested to provide additional collaterals. The lenders may have the right to trade out the A Shares subject to share pledges only if the Controlling Shareholders fail to meet the aforementioned request to provide additional collaterals and loan-to-value ratio further reaches to a threshold agreed between the Controlling Shareholders and the lenders. The Company considers that the risk of the A Shares held by the Controlling Shareholders subject to the relevant share pledges being traded out by the lenders is remote, taking into account the market price of the A Shares as at the Latest Practicable Date and the absence of trade-out record of the A Shares pledged by the Controlling Shareholders. As of the Latest Practicable Date, the number of A Shares pledged by the Controlling Shareholders represented less than half of the A Shares held by them. Moreover, the Controlling Shareholders have financial strength to support their proven credit record as the Controlling Shareholders have investments in various companies engaging in business such as sales of raw materials, parts and components, consumables (including but not limited to battery-grade lithium chloride, cathode materials, lithium salts, carbon nanotube conductive paste, NMP and consumables) and securities of other companies listed on stock exchanges. Therefore, in the unlikely event that there is a significant variation in the price of A Shares, the Controlling Shareholders can opt to repay the relevant outstanding loans and/or provide additional collaterals as agreed with the relevant financial institutions to avoid having the relevant share pledges enforced.

To the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit record in connection with the Pledge Financing against EVE Holdings, Dr. Liu and Ms. Luo in respect of any breach of repayment obligations under its indebtedness. Each of EVE Holdings, Dr. Liu and Ms. Luo has confirmed that, if there is a risk of default or other circumstances that may give rise to the enforcement of the pledged A Shares, EVE Holdings, Dr. Liu and Ms. Luo shall take all necessary actions, such as provision of additional collaterals and repayment of loans, to avoid such enforcement.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was 2,045,721,497 A Shares of nominal value of RMB1.00 each, all of which are listed on the ChiNext Market of the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Percentage of issued share capital (%)
A Shares in issue.....	2,045,721,497	100.00
Total	<u>2,045,721,497</u>	<u>100.00</u>

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital (%)
A Shares in issue.....	2,045,721,497	[REDACTED]
H Shares to be issued under the [REDACTED] ..	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is fully exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company (%)
A Shares in issue.....	2,045,721,497	[REDACTED]
H Shares to be issued under the [REDACTED] ..	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be subscribed for or [REDACTED] by Hong Kong and other overseas [REDACTED] and qualified domestic institutional [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and [REDACTED] by mainland Chinese [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual [REDACTED] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shareholders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on June 27, 2025 upon, among other things, the following major terms:

(1) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] initially shall not exceed [REDACTED]% of the total issued share capital as enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].

(2) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for subscription in Hong Kong and an [REDACTED] to institutional and professional [REDACTED].

(3) Target [REDACTED]

The H Shares shall be issued to overseas institutional [REDACTED], enterprises and individual [REDACTED], qualified domestic institutional [REDACTED] and other [REDACTED] in compliance with regulatory requirements.

(4) [REDACTED] basis

The [REDACTED] of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of [REDACTED], domestic and overseas capital markets and issuance risks, and in accordance with international practices through the demands for orders and book building process.

(5) Validity period

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on June 27, 2025.

There are no other approved [REDACTED] plans for any other shares except for the [REDACTED].

SHARE CAPITAL

SHAREHOLDERS’ GENERAL MEETING

For details of circumstances under which our Shareholders’ general meeting is required, see “Appendix III — Summary of Articles of Association” in this Document.

EMPLOYEE INCENTIVE PLANS

As at the Latest Practicable Date, the Company has adopted the Employee Incentive Plans. No Options and RSUs under the Employee Incentive Plans will be further granted after the [REDACTED] and all granted Options and RSUs have been granted to specific individuals under the Employee Incentive Plans. For details, see “Appendix IV — Statutory and General Information — Employee Incentive Plans.”

FINANCIAL INFORMATION

You should read the following discussion and analysis together with our consolidated financial statements included in the Accountants’ Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements were prepared in accordance with HKFRSs.

The following discussion and analysis contain forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties. Our actual performance and results may differ materially from our expectations and predictions as a result of certain factors, including those set out in the sections entitled “Forward-Looking Statements,” “Risk Factors,” and elsewhere in this document. In addition, certain industry issues also affect our financial condition and results of operations, as described in “Industry Overview.”

OVERVIEW

We are one of the few lithium battery platform companies worldwide that lead across consumer battery, power battery and ESS battery sectors, delivering comprehensive solutions for a wide range of social and economic applications. Our operating philosophy is to foster healthy and sustainable growth, continuously creating value for our shareholders.

Through 24 years of high-quality development, we have achieved internationally leading positions in the three core business segments of consumer batteries, power batteries and ESS batteries and built a comprehensive R&D platform encompassing materials, cells, BMS and systems. Our products are widely used in smart living, green transportation and energy transition.

In the era of the Internet of Everything, we leverage our multifaceted lithium battery technology route and broad application scenarios to reliably support omnipresent energy needs in collaboration with our value chain partners. As of the Latest Practicable Date, building upon our “Global Manufacturing, Global Collaboration, and Global Services” capability framework, we have established eight manufacturing bases and have two manufacturing bases under construction worldwide, with sales offices and branches in seven countries and regions and after-sales service network covering 18 countries and regions.

Our revenue increased by 34.4% from RMB36,303.9 million in 2022 to RMB48,783.6 million in 2023. Our revenue remained relatively stable at RMB48,614.6 million in 2024. Our gross profit increased by 40.3% from RMB5,785.8 million in 2022 to RMB8,119.3 million in 2023, and further increased by 4.3% to RMB8,465.3 million in 2024.

FINANCIAL INFORMATION

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards (“**IFRSs**”), which comprise International Financial Reporting Standards (“**IFRS**”), International Accounting Standards (“**IAS**”), and Interpretations approved by the International Accounting Standards Board (“**IASB**”). All IFRSs effective for the accounting period starting January 1, 2024, together with the relevant transitional provisions, have been early adopted by us in the preparation of our historical financial information throughout the Track Record Period. Our historical financial information has been prepared under the historical cost convention, except for certain financial assets and liabilities, which are stated at fair value. Our historical financial information is presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated. See note 2.1 of the Accountants’ Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe the following are key factors that have affected and will continue to affect our business, results of operations and financial condition:

General Conditions and Growth of the Industries We Operate In

We primarily engage in the R&D, production, and sales of consumer batteries, power batteries, and ESS batteries. Accordingly, our growth, result of operations and financial condition are significantly affected by the market demand of our products. According to Frost & Sullivan, driven by technology, diverse demands and favorable policies, the PRC and global consumer battery, power battery, and ESS battery industries have all experienced substantial growth in recent years and is expected to continue expanding in the future. For details, see “Industry Overview.” As the battery industries in which we operate grow, we are in a strong position to capitalize on our strong technology capacity and leading market position to effectively capture market opportunities brought up by the growing market demand of different types of lithium batteries in China and around the world.

Our Ability to Compete Effectively

The battery industry in which we operate is highly competitive, and the success of our business relies heavily on our ability to compete effectively against both established market players and new entrants. With 24 years of operating history, we have accumulated significant experience and expertise in providing lithium batteries. This has enabled us to establish a strong market presence, solid brand reputation, and robust research and development capabilities. Furthermore, we have built a customer base that includes companies well-known in their respective industries.

Looking ahead, we intend to leverage our extensive know-how, technological advantages, and established business collaboration with upstream and downstream players to further enhance and diversify our service offerings. By strengthening our relationships with existing customers and pursuing expansion opportunities in new industry verticals and geographic markets, we aim to maintain our competitive edge and drive sustainable growth.

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Our Ability to Attract and Retain Customers

Our ability to establish relationships with new customers and retain our existing customers is critical to securing purchase orders and driving revenue growth. By leveraging our deep understanding of battery applications and customer needs, we have built strong partnerships with renowned market players in many industries, including everyday electronics brands, EV manufacturers, and ESS solution providers. We continuously enhance our battery products, introducing new features such as high performance, high safety, long lifespan, and ultra-wide operating temperature range, which help us to both retain and attract new customers. Additionally, our proactive efforts to expand into new geographical markets and strengthen our global presence further position us to collaborate with a broader range of customers worldwide. We work closely with our customers early in their development process to understand their specific needs, and develop products tailored to their demands. This collaborative approach allows us to customize our products and ensure seamless integration and reliable performance throughout their lifecycle. To sustain our long-term growth, we actively pursue opportunities to further diversify our customer portfolio and strengthen our presence in new industry verticals. However, our ability to maintain and expand our customer base is subject to various external factors beyond our control, such as changes in the general economic conditions, competition and shifts in our customers’ business operations and strategies. For additional details, see “Risk Factors — Risks Related to Our Business and Industry.”

Expansion and Optimization of Production Capacity and Efficiency

As part of our growth strategy, we plan to further enhance our overall production capacity to meet increasing customer demand. By leveraging our flexible production capabilities and smart production lines, we have been able to improve both our operational efficiency and the quality of our products. These efforts have enabled us to effectively reduce product defects and improve the cost efficiency of our production. We intend to continue expanding our production facilities in the future. Specifically, to support future growth, we intend to use a portion of the net [REDACTED] from the [REDACTED] to expand our production facilities in Hungary and Malaysia. We believe these initiatives will allow us to deliver superior products to our customers, increase revenue, and further optimize costs and profitability.

Our R&D Investment and Expansion of Product Offering

Our continuous investment in R&D has enabled us to introduce products with new and attractive features, improving product safety, energy efficiency, consistency, lifespan, and cost-effectiveness, while also supporting the launch of new products tailored to diverse new vertical markets. For example, our large cylindrical cells, featuring enhanced safety, extended range and fast charging, have been chosen by top automotive customers for installation in their next-generation EV models. For example, in emerging markets like robotics and flying cars, our battery products meet market demands with their high reliability, long lifespan, and wide temperature adaptability. The advanced features of our battery products address the growing need for high-performance batteries in different markets, positioning us to stay ahead of industry trends, address evolving customer needs, and capture opportunities in emerging markets, which we believe will drive revenue growth and strengthen our competitive position.

FINANCIAL INFORMATION

However, R&D activities also involve significant costs and risks, including the uncertainty of achieving desired technological advancements or market acceptance of new products. If our newly developed products fail to meet market expectations or if competitors introduce superior technologies, our financial performance could be adversely affected.

Fluctuation in Raw Material Prices

During the Track Record Period, our profitability has been affected by fluctuations in the prices of key raw materials used in our battery products. Changes in raw material prices directly affect our cost of sales. Since we adjust the selling prices of our battery products based on fluctuations in the prices of raw materials, our revenue and profitability are also affected by such fluctuations. To the extent we cannot pass along the changes in raw material cost to our customers, our profit margin would be negatively affected by increases in raw material prices.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions, and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions, and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in the notes in the Accountants’ Report in Appendix I to this document.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when we transfer control of goods to our customers at an amount that reflects the consideration we expect to be entitled to in exchange for those goods.

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The following is a description of our accounting policy for our revenue streams:

- (a) Revenue for domestic sales of goods is recognized when we have delivered the products to our customers in accordance with the contract terms and have received acceptance and other proof of receipt from the customers.
- (b) Revenue for overseas sales of goods is recognized when we have declared the goods for customs clearance in accordance with the contract terms and have obtained customs clearance or received acceptance and other proof of receipt from the customers.

We make the best estimate of the variable consideration on the basis of the expected value or the amount that is most likely to be incurred, provided that the transaction price containing the variable consideration does not exceed the amount at which it is highly probable that a material reversal of the cumulative recognized revenue will not occur when the related uncertainty is eliminated.

Other Income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument, or a shorter period when appropriate, to the net carrying amount of the financial asset.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

FINANCIAL INFORMATION

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	3%
Machinery	9%
Electronic equipment	18%
Furniture and office equipment	18%
Transportation equipment	18%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts, and each part is depreciated separately. Residual values, useful lives, and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year-end.

An item of property, plant and equipment, including any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, includes direct materials, direct labor, and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to complete and dispose of the inventory.

FINANCIAL INFORMATION

OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Revenue	36,303,948	48,783,587	48,614,557
Cost of sales	(30,518,110)	(40,664,274)	(40,149,208)
Gross profit	5,785,838	8,119,313	8,465,349
Other income	1,096,387	1,985,398	1,567,446
Selling and marketing expenses	(333,627)	(457,594)	(597,146)
Administrative expenses	(1,602,348)	(1,748,952)	(1,520,000)
Research and development expenses	(2,153,136)	(2,731,637)	(2,942,308)
Impairment losses on financial assets and contract assets	(204,783)	(180,374)	(270,057)
Other gains and losses, net	(74,581)	(347,684)	58,236
Finance costs	(392,177)	(476,514)	(635,072)
Share of profit of a joint venture	33,345	27,538	50,442
Share of results of associates, net	1,343,207	639,293	461,375
Profit before tax	3,498,125	4,828,787	4,638,265
Income tax credit/(expense)	173,769	(308,521)	(416,862)
Profit for the year	3,671,894	4,520,266	4,221,403
Attributable to:			
Owners of the Company	3,508,964	4,050,175	4,075,586
Non-controlling interests	162,930	470,091	145,817
	3,671,894	4,520,266	4,221,403

NON-IFRS MEASURES

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by or presented in accordance with IFRSs. We believe that this non-IFRS measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of this non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under IFRSs.

We define adjusted net profit (non-IFRS measure) as profit for the year adding back share-based payments for the same year. The adjusted net profit (non-IFRS measure) excludes the impact of share-based payments.

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The following table sets forth a reconciliation of our adjusted net profit (non-IFRS measure) to profit for the year (the nearest measure prepared in accordance with IFRSs) for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Profit for the year	3,671,894	4,520,266	4,221,403
Adjusted for:			
Shared-based payments	<u>624,795</u>	<u>456,910</u>	<u>(76,365)</u>
Adjusted net profit (non-IFRS measure)	<u>4,296,689</u>	<u>4,977,176</u>	<u>4,145,038</u>

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

By Product Type

Our revenue was derived primarily from sales of consumer batteries, power batteries and ESS batteries. Our revenue experienced an overall increase during the Track Record Period, driven by overall growth in the sales of all our main products.

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>(RMB in thousands except for percentages)</i>					
Consumer batteries . .	8,513,451	23.5%	8,362,121	17.1%	10,322,161	21.2%
Power batteries	18,250,702	50.3%	23,983,868	49.2%	19,167,242	39.4%
ESS batteries	9,432,103	26.0%	16,340,210	33.5%	19,026,922	39.1%
Others ⁽¹⁾	<u>107,692</u>	<u>0.2%</u>	<u>97,388</u>	<u>0.2%</u>	<u>98,232</u>	<u>0.3%</u>
Total	<u>36,303,948</u>	<u>100.0%</u>	<u>48,783,587</u>	<u>100.0%</u>	<u>48,614,557</u>	<u>100.0%</u>

Note:

(1) Primarily includes interest income from loans to an associate.

Our revenue from consumer batteries remained relatively stable in 2022 and 2023, and increased in 2024, primarily driven by increase in demand from downstream markets and our major customers.

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During the Track Record Period, our revenue from power batteries formed our largest revenue segment, accounting for 50.3%, 49.2% and 39.4% of our total revenue in 2022, 2023 and 2024, respectively. Changes in our revenue are primarily driven by changes in sales volume and price changes in our key raw materials.

Our revenue from ESS batteries increased significantly from 2022 to 2023, and further increased significantly in 2024, primarily driven by changes in our market share and customer demand.

By Geographical Market

During the Track Record Period, we derived the majority of our revenue from sales in mainland China. The following table sets forth a breakdown of our revenue by geographical market, in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
<i>(RMB in thousands except for percentages)</i>						
Mainland China	23,674,165	65.2%	35,482,428	72.7%	36,823,166	75.7%
Other countries and regions	12,629,783	34.8%	13,301,159	27.3%	11,791,391	24.3%
Total	36,303,948	100.0%	48,783,587	100.0%	48,614,557	100.0%

During the Track Record Period, we derived the majority of our revenue from sales in mainland China. Our revenue from mainland China increased continuously during the Track Record Period, primarily due to an increase in demand from our domestic customers as we deepened our collaboration in them, especially in the power and ESS battery markets.

Our revenue from other countries and regions increased from 2022 to 2023, primarily driven by increased overseas sales of our power batteries, and decreased in 2024, primarily due to our adjustment of our product structure in response to shifts in market demand.

Sales Volume and Average Selling Price

The following table sets forth a breakdown of our sales volume by product type for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Sales Volume			
Consumer batteries (billion units)	1.2	1.5	2.1
Power batteries (GWh)	17.1	28.1	30.3
ESS batteries (GWh)	11.9	26.3	50.4

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The following table sets forth a breakdown of our average selling price by products for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Average Selling Price			
Consumer batteries (RMB per unit)	6.9	5.7	5.0
Power batteries (billion RMB per GWh) . .	1.1	0.9	0.6
ESS batteries (billion RMB per GWh) . . .	<u>0.8</u>	<u>0.6</u>	<u>0.4</u>

During the Track Record Period, the average selling prices of all our battery products decreased from year to year, primarily due to decreases in raw material prices and our strategic pricing to increase competitiveness.

The sales volume of all our battery products increased continuously during the Track Record Period, primarily driven by (i) increased demand from our existing customers as we deepened our collaboration with them; (ii) growth of the battery markets we operate in; and (iii) our acquisition of new customers as we continued expanding our business. In particular, the sales volume of our ESS batteries more than doubled from 11.9 GWh in 2022 to 26.3 GWh in 2023, and further increased significantly to 50.4 GWh in 2024, primarily due to (i) an increase in our market share while the ESS battery market grew rapidly and (ii) a surge in demand from our existing and new customers.

Cost of Sales

By Nature

Our cost of sales consists of (i) cost of direct materials, comprising raw materials and components used in the manufacturing of our battery products; and (ii) others, mainly comprising labor costs and manufacturing costs. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
<i>(RMB in thousands except for percentages)</i>						
Cost of direct materials	26,900,019	88.1%	35,535,780	87.4%	34,028,410	84.8%
Others ⁽¹⁾	<u>3,618,091</u>	<u>11.9%</u>	<u>5,128,494</u>	<u>12.6%</u>	<u>6,120,798</u>	<u>15.2%</u>
Total	<u>30,518,110</u>	<u>100.0%</u>	<u>40,664,274</u>	<u>100.0%</u>	<u>40,149,208</u>	<u>100.0%</u>

(1) Primarily include labor costs and other manufacturing costs.

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Our cost of direct materials formed the largest component of our cost of sales. Our cost of direct materials increased from 2022 to 2023 in line with our increase in sales volume. Our cost of direct materials remained relatively stable in 2024 as decreases in raw material prices offset the increase in our sales volume.

Our other costs of sales increased from 2022 to 2023, and further increased in 2024, primarily due to increases in our labor costs and manufacturing costs as our sales volume increased.

The direct materials in our cost of sales primarily comprise cathode, anode, electrolyte and separator. These materials are significantly affected by the prices of metals or commodities such as lithium, nickel and cobalt. Due to fluctuations in these material prices and market supply-demand conditions, our material procurement prices and volumes also vary accordingly.

In 2022, 2023 and 2024, our cost of direct materials were RMB26,900.0 million, RMB35,535.8 million and RMB34,028.4 million, respectively. For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant (including assuming that material price fluctuations cannot be passed on to customers through price adjustment mechanisms), the sensitivity analysis of the impact of fluctuations in the average price of direct materials being 1% and 5% (the actual average fluctuation may be smaller as we use various types of materials in our production) on our profit before income tax during the Track Record Period is as follows:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in millions)</i>		
Fluctuations in the average price of direct materials			
-/+1%	+/-269	+/-355	+/-340
-/+5%	<u>+/-1,345</u>	<u>+/-1,777</u>	<u>+/-1,701</u>

FINANCIAL INFORMATION

By Product Type

The following table sets forth a breakdown of our cost of sales by product type, in absolute amounts and as percentages of total cost of sales, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
<i>(RMB in thousands except for percentages)</i>						
Consumer batteries . .	6,412,134	21.0%	6,377,419	15.7%	7,475,030	18.6%
Power batteries	15,517,064	50.8%	20,727,069	51.0%	16,444,274	41.0%
ESS batteries	8,586,654	28.1%	13,558,948	33.3%	16,225,408	40.4%
Others	2,258	0.1%	838	0.0%	4,496	0.0%
Total	30,518,110	100.0%	40,664,274	100.0%	40,149,208	100.0%

The fluctuations in our cost of sales for each business segment during the Track Record Period were primarily driven by (i) changes in sales volume; and (ii) fluctuations in raw material prices.

Gross Profit and Gross Profit Margin

By Product Type

The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
<i>(RMB in thousands except for percentages)</i>						
Consumer batteries	2,101,317	24.7%	1,984,702	23.7%	2,847,131	27.6%
Power batteries	2,733,638	15.0%	3,256,799	13.6%	2,722,968	14.2%
ESS batteries	845,449	9.0%	2,781,262	17.0%	2,801,514	14.7%
Others ⁽¹⁾	105,434	N/A ⁽²⁾	96,550	N/A ⁽²⁾	93,736	N/A ⁽²⁾
Total	5,785,838	15.9%	8,119,313	16.6%	8,465,349	17.4%

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Note:

- (1) Primarily includes interest income from loans to an associate.
- (2) We consider the gross profit margin for other revenue not meaningful as interest income from loans to an associate carries no cost of sales.

The fluctuations in our gross profit and gross profit margin were generally driven by (i) fluctuations in the average selling prices of our battery products; (ii) changes in our sales volume; and (iii) fluctuations in the prices of key raw materials.

Other Income

Our other income primarily consists of: (i) government grants, mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward our support and contribution for the development of local economies; and (ii) interest income from our bank deposits.

The following table sets forth a breakdown of our other income for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Government grants	1,021,111	1,778,146	1,396,346
Interest income	73,721	200,306	167,212
Others	1,555	6,946	3,888
Total	<u>1,096,387</u>	<u>1,985,398</u>	<u>1,567,446</u>

Selling and Marketing Expenses

Our selling and market expenses primarily consist of: (i) employee benefits expenses, mainly comprising salaries and other benefits paid to our sales and marketing personnel; (ii) advertising and marketing expenses; and (iii) travelling expenses incurred by our sales and marketing personnel.

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The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as percentages of total selling and marketing expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>(RMB in thousands except for percentages)</i>					
Employee benefits expenses	139,132	41.7%	191,931	41.9%	282,873	47.4%
Advertising and marketing expenses	58,064	17.4%	83,987	18.4%	134,695	22.6%
Travelling expenses . .	17,993	5.4%	44,220	9.7%	67,367	11.3%
Professional fees and agency fees	46,250	13.9%	43,345	9.5%	35,833	6.0%
Inspection fees	23,896	7.2%	27,639	6.0%	21,617	3.6%
Depreciation and amortization	2,683	0.8%	3,600	0.8%	4,560	0.8%
Others ⁽¹⁾	45,609	13.6%	62,872	13.7%	50,201	8.3%
Total	333,627	100.0%	457,594	100.0%	597,146	100.0%

(1) Primarily include office expenses, insurance fees and others.

Administrative Expenses

Our administrative expenses primarily consist of: (i) employee benefits expenses, mainly comprising salaries and other benefits paid to our administrative personnel; (ii) equity-settled share-based payment expense, mainly comprising share-based payment expenses recognized under our equity incentive plan; and (iii) administrative and office expenses, mainly comprising office expenses, utility expenses and rent paid for our offices.

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The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of total administrative expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
<i>(RMB in thousands except for percentages)</i>						
Employee benefits expenses	519,479	32.4%	691,169	39.5%	864,389	56.9%
Equity-settled share-based payment expense	624,795	39.0%	456,910	26.1%	(76,365)	(5.0)%
Administrative and office expenses . . .	144,013	9.0%	159,065	9.1%	172,858	11.4%
Tax levies	111,956	7.0%	158,132	9.0%	204,762	13.5%
Depreciation and amortization	60,516	3.8%	86,819	5.0%	119,299	7.8%
Professional expenses	32,592	2.0%	86,936	5.0%	76,732	5.0%
Travelling expenses . .	15,513	1.0%	32,154	1.8%	40,402	2.7%
Others ⁽¹⁾	93,484	5.8%	77,767	4.5%	117,923	7.7%
Total	1,602,348	100.0%	1,748,952	100.0%	1,520,000	100.0%

(1) Primarily include insurance fees and bank charges.

Research and Development Expenses

Our research and development expenses consist of: (i) employee benefits expenses, mainly comprising salaries and other benefits paid to our R&D personnel; (ii) material costs, mainly comprising costs of materials used in our R&D activities; and (iii) depreciation and amortization relating to our R&D facilities and equipment. We place high importance on our R&D initiatives and invested heavily in R&D during the Track Record Period. In 2022, 2023 and 2024, our research and development expenses accounted for 5.9%, 5.6% and 6.1% of our revenue, respectively.

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The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>(RMB in thousands except for percentages)</i>					
Employee benefit expenses	1,019,439	47.3%	1,270,944	46.5%	1,348,615	45.8%
Material costs	632,514	29.4%	717,775	26.3%	519,245	17.6%
Depreciation and amortization	204,653	9.5%	314,489	11.5%	524,853	17.8%
Testing and inspection fees	22,440	1.0%	54,338	2.0%	69,703	2.4%
Consultancy fees	64,219	3.0%	37,319	1.4%	75,746	2.6%
Patent fees	9,186	0.4%	28,538	1.0%	27,589	0.9%
Others ⁽¹⁾	200,685	9.4%	308,234	11.3%	376,557	12.9%
Total	2,153,136	100.0%	2,731,637	100.0%	2,942,308	100.0%

(1) Primarily include utilities, fuel expenses, travelling expenses, and repair and maintenance fees.

Impairment Losses on Financial Assets and Contract Assets

Our impairment losses on financial assets and contract assets primarily consist of impairment losses on our trade receivables and contract assets. In 2022, 2023 and 2024, our impairment losses on financial assets and contract assets were RMB204.8 million, RMB180.4 million and RMB270.1 million, respectively.

Other Gains and Losses, Net

Our other gains and losses, net, primarily consist of: (i) foreign exchange difference, net; (ii) provision for inventory; and (iii) investment income or losses on financial assets at FVTPL, mainly comprising our investment gains and losses from wealth management products and other financial assets.

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The following table sets forth a breakdown of our other gains and losses, net, for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Fair value losses on financial assets at FVTPL	(13,402)	12,364	(12,987)
Investment (losses)/income on financial assets at FVTPL	(115,152)	106,212	131,427
Hedge ineffectiveness in cash flow hedges	—	(167,224)	3,160
Foreign exchange difference, net	193,498	92,014	55,936
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets	(22,521)	(40,950)	(72,041)
Provision for inventory	(119,240)	(363,243)	(46,467)
Others	2,236	13,143	(792)
Total	<u>(74,581)</u>	<u>(347,684)</u>	<u>58,236</u>

Our provision for inventory increased significantly in 2023, primarily due to a substantial drop in the prices of key raw materials in 2023 from their highs in 2022.

Finance Costs

Our finance costs consist of: (i) interest on bank and other borrowings and (ii) interest on lease liabilities, less interest capitalized. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Interest on bank and other borrowings . .	543,519	788,062	773,056
Interest on lease liabilities	4,684	3,303	3,653
	548,203	791,365	776,709
Less: interest capitalized	(156,026)	(314,851)	(141,637)
Total	<u>392,177</u>	<u>476,514</u>	<u>635,072</u>

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Share of Profit of a Joint Venture

Our share of profit of a joint venture represents the profit from our joint venture, EVE Energy North America Corporation. In 2022, 2023 and 2024, our share of profit of a joint venture was RMB33.3 million, RMB27.5 million and RMB50.4 million, respectively. The fluctuations in our share of profit of a joint venture was in line with fluctuations in the performance of EVE Energy North America Corporation.

Share of Results of Associates, Net

Our share of results of associates, net, primarily consists of profits from our associates. In 2022, 2023 and 2024, our share of results of associates, net, was RMB1,343.2 million, RMB639.3 million and RMB461.4 million, respectively. The decrease in our share of results of associates, net, was primarily due to a decrease in the profits of certain associates we invested in.

Income Tax Credit and Expenses

Our income tax credit and expenses comprise current tax on profits for the year and deferred tax. We are subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of our Group are domiciled and operate.

The following table sets forth a breakdown of our income tax credit and expenses for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Current tax	183,193	397,542	420,808
Deferred tax	<u>(356,962)</u>	<u>(89,021)</u>	<u>(3,946)</u>
Total income tax (credit)/expenses for the year	<u>(173,769)</u>	<u>308,521</u>	<u>416,862</u>

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, our subsidiaries operating in Mainland China were subject to corporate income tax at a rate of 25% on the taxable income during the Track Record Period.

During the Track Record Period, our Company and certain of our subsidiaries were certified as High and New Technology Enterprises and entitled to a preferential income tax rate of 15%.

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Pursuant to the Notice on the Tax Policies of Further Implementation of the Western Region Development Strategy (Caishui [2011] No. 58) (《關於深入實施西部大開發戰略有關稅收政策問題的通知(財稅[2011]58號)》) (“the Notice”) issued by the Ministry of Finance (the “MOF”), the State Administration of Taxation (the “SAT”) and the General Administration of Customs, our subsidiaries, Jinhai Lithium (Qinghai) Co., Ltd and Qujing EVE Energy Co., Ltd., were set up in the western region and fell into the encouraged industry catalogue promulgated under the Notice, and therefore entitled to a preferential tax rate of 15% during the Track Record Period.

Hong Kong

Our subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period.

Under Hong Kong’s two-tiered profits tax regime, the profits tax rate applicable to the first HK\$2 million of assessable profits of qualifying corporations incorporated in Hong Kong is 8.25%, while assessable profits exceeding HK\$2 million are subject to a tax rate of 16.5%. Accordingly, one of the Group’s Hong Kong-incorporated subsidiaries benefited from the lower tax rate during the Track Record Period.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

2024 Compared to 2023

Revenue

Our revenue remained relatively stable at RMB48,783.6 million and RMB48,614.6 million in 2023 and 2024, respectively. Specifically:

- *By product:*
 - Our revenue from consumer batteries increased by 23.4% from RMB8,362.1 million in 2023 to RMB10,322.2 million in 2024, primarily due to (i) an increase in market demand for the end products in which our cylindrical cells were used, such as power tools and cleaning tools; and (ii) an increase in demand from certain major customers as we deepened our collaboration.

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- Our revenue from power batteries decreased by 20.1% from RMB23,983.9 million in 2023 to RMB19,167.2 million in 2024, primarily due to a decrease in our average selling prices in response to decreases in the prices of certain key raw materials and offset the increase in our sales volume.
- Our revenue from ESS batteries increased by 16.4% from RMB16,340.2 million in 2023 to RMB19,026.9 million in 2024, primarily due to (i) an increase in our sales of prismatic LFP batteries as downstream demand for ESS solutions increased; (ii) the rapid growth of the ESS battery market and the expansion of our market share. By shipment volume in 2024, we were the second largest global ESS battery provider, with a market share of 17.2%; and (iii) an increase in demand from our existing customers and our acquisition of new customers as we continued expanding this business segment.
- *By geographical market:*
 - Our revenue from Mainland China increased by 3.8% from RMB35,482.4 million in 2023 to RMB36,823.2 million in 2024, primarily due to our increased sales to major domestic customers as we strengthened our collaboration with them, especially with our ESS battery customers.
 - Our revenue from other countries and regions decreased by 11.4% from RMB13,301.2 million in 2023 to RMB11,791.4 million in 2024, primarily due to our product structure adjustment in response to shifts in market demand.

Cost of Sales

Our cost of sales remained relatively stable at RMB40,664.3 million and RMB40,149.2 million in 2023 and 2024, respectively. The fluctuations in our cost of sales by product type are generally in line with fluctuations in our revenue for each respective product type. Specifically:

- Our cost of sales for consumer batteries increased by 17.2% from RMB6,377.4 million in 2023 to RMB7,475.0 million in 2024 in line with the increase in our sales volume.
- Our cost of sales for power batteries decreased by 20.7% from RMB20,727.1 million in 2023 to RMB16,444.3 million in 2024, primarily due to decreases in raw material prices.
- Our cost of sales for ESS batteries increased by 19.7% from RMB13,558.9 million in 2023 to RMB16,225.4 million in 2024 in line with the increase in our sales volume.

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Gross Profit and Gross Profit Margin

Our gross profit increased by 4.3% from RMB8,119.3 million in 2023 to RMB8,465.3 million in 2024, while our gross profit margin increased from 16.6% in 2023 to 17.4% in 2024. Specifically, by product type:

- Our gross profit for consumer batteries increased by 43.5% from RMB1,984.7 million in 2023 to RMB2,847.1 million in 2024, while our gross profit margin for this business segment increased from 23.7% in 2023 to 27.6% in 2024, primarily due to increases in sales volume and gross profit margin of cylindrical cells.
- Our gross profit for power batteries decreased by 16.4% from RMB3,256.8 million in 2023 to RMB2,723.0 million in 2024 in line with the decrease in our revenue from this business segment. The gross profit margin for power batteries increased from 13.6% in 2023 to 14.2% in 2024, primarily due to a decrease in our production cost, mainly attributable to decreases in the prices of certain raw materials.
- Our gross profit for ESS batteries remained relatively stable at RMB2,781.3 million and RMB2,801.5 million in 2023 and 2024, respectively. The gross profit margin for ESS batteries decreased from 17.0% in 2023 to 14.7% in 2024, primarily due to our strategic pricing adjustment to increase competitiveness.

Other Income

Our other income decreased by 21.1% from RMB1,985.4 million in 2023 to RMB1,567.4 million in 2024, primarily due to a RMB381.8 million decrease in government grants.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 30.5% from RMB457.6 million in 2023 to RMB597.1 million in 2024, primarily due to (i) a RMB90.9 million increase in employee benefits expenses, mainly attributable to our addition of sales and marketing personnel to support our expanded domestic and international marketing efforts; (ii) a RMB50.7 million increase in advertising and marketing expenses, primarily due to our participation in more international and domestic exhibitions; and (iii) a RMB23.1 million increase in travelling expenses, mainly attributable to increased traveling of our sales and marketing personnel.

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Administrative Expenses

Our administrative expenses decreased by 13.1% from RMB1,749.0 million in 2023 to RMB1,520.0 million in 2024, primarily due to a RMB533.3 million decrease in equity-settled share-based payment expenses, mainly attributable to our reversal of share-based compensation expenses for restricted stock that did not vest, partially offset by a RMB173.2 million increase in employee benefits expenses, mainly attributable to our higher compensation levels for our administrative personnel.

Research and Development Expenses

Our research and development expenses increased by 7.7% from RMB2,731.6 million in 2023 to RMB2,942.3 million in 2024, primarily due to (i) a RMB210.4 million increase in depreciation and amortization expenses; and (ii) a RMB77.7 million increase in employee benefit expenses, mainly attributable to headcount expansion of our R&D personnel as we sought to further strengthen our R&D capabilities and expanded our R&D team. These increases were partially offset by a RMB198.5 million decrease in material costs, as some of our R&D projects neared completion, reducing material consumption.

Impairment Losses on Financial Assets and Contract Assets

Our impairment losses on financial assets and contract assets increased by 49.7% from RMB180.4 million in 2023 to RMB270.1 million in 2024, primarily due to an increase in our provision of bad debts as certain of our customers faced operational challenges and was deemed unlikely to meet their payment obligations. Our management continues to monitor the recoverability from these customers, and is currently considering the provision of the relevant balance of approximately RMB150.0 million. We may make additional provision of bad debts in the future as appropriate.

Other Gains and Losses, Net

We recorded net other losses RMB347.7 million in 2023 and net other gains of RMB58.2 million in 2024, primarily due to (i) investment income on financial assets at FVTPL of RMB131.4 million; (ii) a RMB316.8 million decrease in the provision for inventory, primarily due to stabilized raw material prices.

Finance Costs

Our finance costs increased by 33.3% from RMB476.5 million in 2023 to RMB635.1 million in 2024, primarily due to a RMB173.2 million decrease in interest capitalized as several of our production capacity expansion projects neared completion.

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Income Tax Expenses

Our income tax expenses increased from RMB308.5 million in 2023 to RMB416.9 million in 2024, primarily due to an increase in our taxable income.

Net Profit and Net Profit Margin

As a result of the foregoing, our profit for the year decreased by 6.6% from RMB4,520.3 million in 2023 to RMB4,221.4 million in 2024, while our net profit margin decreased from 9.3% in 2023 to 8.7% in 2024.

2023 Compared to 2022

Revenue

Our revenue increased by 34.4% from RMB36,303.9 million in 2022 to RMB48,783.6 million in 2023, primarily driven by revenue growth in our power battery and ESS battery businesses. Specifically:

- *By product:*
 - Our revenue from consumer batteries remained relatively stable at RMB8,513.5 million and RMB8,362.1 million in 2022 and 2023, respectively.
 - Our revenue from power batteries increased by 31.4% from RMB18,250.7 million in 2022 to RMB23,983.9 million in 2023, primarily due to increase in sales volume.
 - Our revenue from ESS batteries increased by 73.2% from RMB9,432.1 million in 2022 to RMB16,340.2 million in 2023, primarily due to an increase in sales volume, driven by (i) rapid market growth and the expansion of our market share; and (ii) increased demand from existing customers and our acquisition of new customers.
- *By geographical market:*
 - Our revenue from Mainland China increased by 49.9% from RMB23,674.2 million in 2022 to RMB35,482.4 million in 2023, primarily due to strong growth in the domestic power and ESS markets and robust demand from new and existing customers.
 - Our revenue from other countries and regions increased by 5.3% from RMB12,629.8 million in 2022 to RMB13,301.2 million in 2023, primarily due to an increase in the overseas sales volume of power batteries.

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Cost of Sales

Our total cost of sales increased by 33.2% from RMB30,518.1 million in 2022 to RMB40,664.3 million in 2023 in line with our revenue growth. Our cost of direct materials increased by 32.1% from RMB26,900.0 million in 2022 to RMB35,535.8 million in 2023 primarily due to an increase in our raw materials used in manufacturing as our sales volume increased. Our other costs increased by 41.7% from RMB3,618.1 million in 2022 to RMB5,128.5 million in 2023, primarily due to an increase in our labor costs and other costs in line with an increase in our sales volume.

By product type:

- Our cost of sales for consumer batteries remained relatively stable at RMB6,412.1 million and RMB6,377.4 million in 2022 and 2023, respectively, as decreases in raw material prices offset the effect of our increase in sales volume.
- Our cost of sales for power batteries increased by 33.6% from RMB15,517.1 million in 2022 to RMB20,727.1 million in 2023 in line with an increase in our sales volume.
- Our cost of sales for ESS batteries increased by 57.9% from RMB8,586.7 million in 2022 to RMB13,558.9 million in 2023 in line with an increase in sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 40.3% from RMB5,785.8 million in 2022 to RMB8,119.3 million in 2023 in line with our revenue growth. Our gross profit margin increased from 15.9% in 2022 to 16.6% in 2023. Specifically, by product type:

- Our gross profit for consumer batteries decreased by 5.5% from RMB2,101.3 million in 2022 to RMB1,984.7 million in 2023, while our gross profit margin for this business segment decreased from 24.7% in 2022 to 23.7% in 2023, primarily because the average selling prices of our products decreased due to fluctuations in prices of key raw materials.
- Our gross profit for power batteries increased by 19.1% from RMB2,733.6 million in 2022 to RMB3,256.8 million in 2023, primarily driven by an increase in sales volume. Our gross profit margin for power batteries decreased from 15.0% in 2022 to 13.6% in 2023, primarily due to a decrease in the average selling prices of our products.

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- Our gross profit for ESS batteries increased significantly from RMB845.4 million in 2022 to RMB2,781.3 million in 2023, primarily due to rapid growth in sales driven by the expansion of the global energy storage market. Our gross profit margin for ESS batteries increased from 9.0% in 2022 to 17.0% in 2023, primarily due to reduced production costs as we improved cost efficiencies and economies of scale.

Other Income

Our other income increased by 81.1% from RMB1,096.4 million in 2022 to RMB1,985.4 million in 2023, primarily due to (i) a RMB757.0 million increase in government grants; and (ii) an increase of RMB126.6 million in interest income, mainly attributable to an increase in our monetary funds following our directed private placement in 2022.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 37.2% from RMB333.6 million in 2022 to RMB457.6 million in 2023, primarily due to (i) a RMB52.8 million increase in employee benefits expenses, mainly attributable to our headcount addition for our sales and marketing personnel; and (ii) a RMB26.2 million increase in travelling expenses, primarily due to our increased business development activities and market coverage.

Administrative Expenses

Our administrative expenses increased by 9.1% from RMB1,602.3 million in 2022 to RMB1,749.0 million in 2023, primarily due to (i) a RMB171.7 million increase in employee benefits expenses, mainly attributable to our headcount expansion; (ii) a RMB54.3 million increase in professional expenses, primarily due to higher external consultancy costs; and (iii) a RMB26.3 million increase in depreciation and amortization, primarily due to the addition of new office space and facilities. These increases were partially offset by a RMB167.9 million decrease in equity-settled share-based payment expenses.

Research and Development Expenses

Our research and development expenses increased by 26.9% from RMB2,153.1 million in 2022 to RMB2,731.6 million in 2023, primarily due to (i) a RMB251.5 million increase in employee benefit expenses, mainly due to increases in the headcount of our R&D personnel to support growing R&D activities; (ii) a RMB109.8 million increase in depreciation and amortization expenses in line with increased use of our R&D facilities as we scaled operations; and (iii) a RMB107.5 million increase in other expenses, mainly attributable to higher utilities and fuel expenses.

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Impairment Losses on Financial Assets and Contract Assets

Our impairment losses on financial assets and contract assets decreased by 11.9% from RMB204.8 million in 2022 to RMB180.4 million in 2023, primarily due to a smaller increase in trade receivables.

Other Gains and Losses, Net

Our net other losses increased significantly from RMB74.6 million in 2022 to RMB347.7 million in 2023, primarily due to (i) a RMB244.0 million increase in the provision for inventory, primarily due to decreases in the prices of raw materials from their historical highs in 2022; and (ii) a RMB101.5 million decrease in foreign exchange gains, partially offset by a RMB54.1 million reduction in investment losses on financial assets at FVTPL.

Finance Costs

Our finance costs increased by 21.5% from RMB392.2 million in 2022 to RMB476.5 million in 2023, primarily due to a RMB244.5 million increase in interest on bank and other borrowings.

Income Tax Credit and Expenses

We recorded income tax credit of RMB173.8 million in 2022 and income tax expense of RMB308.5 million in 2023, primarily due to an increase in our taxable income.

Net Profit and Net Profit Margin

As a result of the foregoing, our profit for the year increased by 23.1% from RMB3,671.9 million in 2022 to RMB4,520.3 million in 2023, while our net profit margin decreased from 10.1% in 2022 to 9.3% in 2023.

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DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Total non-current assets	46,780,719	57,568,902	62,905,946
Total current assets	36,857,093	36,786,437	37,984,679
Total assets	83,637,812	94,355,339	100,890,625
Total non-current liabilities	18,306,361	18,515,306	20,097,146
Total current liabilities	32,171,272	37,834,765	39,794,292
Total liabilities	50,477,633	56,350,071	59,891,438
Net assets	33,160,179	38,005,268	40,999,187
Share capital	2,041,759	2,045,721	2,045,721
Reserves	28,371,691	32,687,143	35,534,976
Non-controlling interests	2,746,729	3,272,404	3,418,490
Total equity	33,160,179	38,005,268	40,999,187

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Current Assets and Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Current Assets				
Inventories	8,587,981	6,316,007	5,251,442	5,262,728
Trade and bills receivables . .	10,841,095	14,195,400	16,081,447	16,205,272
Contract assets	190,560	222,323	256,056	283,601
Prepayments, other receivables and other assets	3,780,831	1,425,499	1,752,450	2,214,462
Financial assets at FVTOCI . .	1,117,567	968,383	1,050,583	2,523,273
Financial assets at FVTPL . . .	3,360,354	3,152,616	4,527,842	10,662,674
Derivative financial instruments	—	—	—	2,597
Bank balances, deposits and cash	8,978,705	10,506,209	9,064,859	6,813,808
Total current assets	36,857,093	36,786,437	37,984,679	43,968,415
Current Liabilities				
Trade and bills payables	21,561,975	23,154,119	24,400,250	25,457,016
Contract liabilities	953,688	340,177	323,223	754,067
Other payables and accruals .	5,542,874	9,008,186	7,522,919	6,909,444
Interest-bearing bank and other borrowings	3,959,677	5,136,575	7,336,199	7,047,662
Lease liabilities	36,988	29,338	37,812	33,910
Derivative financial instruments	—	705	31,779	18,426
Income tax payable	116,070	165,665	142,110	145,974
Total current liabilities	32,171,272	37,834,765	39,794,292	40,366,499
Net current assets/ (liabilities).	4,685,821	(1,048,328)	(1,809,613)	3,601,916

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We had net current assets of RMB4,685.8 million as of December 31, 2022 and net current liabilities of RMB1,048.3 million as of December 31, 2023, primarily due to (i) a RMB1,592.1 million increase in our trade and bills payables; and (ii) a RMB1,176.9 million increase in our interest-bearing bank and other borrowings. Our net current liabilities further increased to RMB1,959.5 million as of December 31, 2024, primarily due to a RMB2,199.6 million increase in our interest-bearing bank and other borrowings. We recorded net current assets of RMB3,601.9 million as of April 30, 2025, primarily due to (i) a RMB6,002.0 million increase in our financial assets at FVTPL; (ii) a RMB1,472.7 million increase in our financial assets at FVTOCI; and (iii) a RMB594.9 million increase in our prepayments, other receivables and other assets.

Inventories

Our inventories primarily comprise work in progress, finished goods, and raw materials. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Raw materials	3,169,430	879,909	801,065
Work in progress	3,469,713	3,600,367	2,568,862
Finished goods	2,005,790	2,257,327	2,029,679
Goods in transit	177,182	129,954	238,635
	8,822,115	6,867,557	5,638,241
Less: provision for inventory	(234,134)	(551,550)	(386,799)
Total inventories, net	8,587,981	6,316,007	5,251,442

Our total inventories, net, decreased from RMB8,588.0 million as of December 31, 2022 to RMB6,316.0 million as of December 31, 2023, and further decreased to RMB5,251.4 million as of December 31, 2024 as (i) we improved our inventory management to optimize turnover and (ii) the market prices of certain key raw materials decreased.

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The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
<i>(RMB in thousands)</i>			
Within one year			
Raw materials	3,147,190	833,000	757,846
Work in progress	3,461,868	3,592,527	2,546,877
Finished goods	2,003,443	2,247,482	2,024,804
Goods in transit	177,182	129,955	238,635
	8,789,683	6,802,964	5,568,162
One to two years	24,148	59,186	56,084
Over two years	8,284	5,407	13,995
	8,822,115	6,867,557	5,638,241
Less: provisions for inventory	(234,134)	(551,550)	(386,799)
Total inventories, net	8,587,981	6,316,007	5,251,442

The following table sets forth our average inventory turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Average inventory turnover days ⁽¹⁾	75.8	70.4	56.8

(1) Average inventory turnover days equal the average of the opening and closing inventory balances of the year indicated divided by the cost of sales of the same year and multiplied by 365 days.

Our inventory turnover days decreased from 75.8 days in 2022 to 70.4 days in 2023, and further decreased to 56.8 days in 2024, primarily due to faster inventory turnover as we optimized our inventory management.

As of April 30, 2025, RMB5,092 million, or 90.3%, of our inventories as of December 31, 2024 had been sold or utilized.

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Trade and Bills Receivables

Trade and bills receivables are amounts due for our products sold to customers on credit. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade receivables	10,089,973	13,176,523	14,061,531
Bills receivables	1,433,305	1,777,866	3,041,270
Less: impairment	(682,183)	(758,989)	(1,021,354)
Total trade and bills receivables, net .	10,841,095	14,195,400	16,081,447

Our trade and bills receivables, net, increased from RMB10,841.1 million as of December 31, 2022 to RMB14,195.4 million as of December 31, 2023, primarily due to increases in trade receivables in line with our revenue growth. Our trade and bills receivables, net, further increased to RMB16,081.4 million as of December 31, 2024 primarily due to increase in sales settled by customers using bills receivables.

The following table sets forth an aging analysis of our trade receivables, net of provisions, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within six months	9,248,059	11,935,688	12,322,967
Six months to one year	118,645	428,195	389,407
One to two years	17,682	61,516	366,869
Two to three years	15,555	2,135	19,330
Over three years	10,865	—	—
Total	9,410,806	12,427,534	13,098,573

FINANCIAL INFORMATION

The following table sets forth the turnover days of our trade and bills receivables for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Average trade and bills receivables turnover days ⁽¹⁾	89.1	99.1	120.3

- (1) Average trade and bills receivables turnover days equal the average of the opening and closing balances of gross carrying amount of trade and bills receivables of the year indicated divided by the revenue of the same year and multiplied by 365 days.

Our trade and bills receivables increased from 89.1 days in 2022 to 99.1 days in 2023, and further increased to 120.3 days in 2024, primarily due to an increase in sales settled by customers using bills receivables, which typically have longer settlement periods.

As of April 30, 2025, RMB10,809.7 million, or 76.9%, of our trade receivables as of December 31, 2024 had been subsequently settled.

Prepayments, Other Receivables and Other Assets, Current

Our current prepayments, other receivables and other assets primarily consist of (i) prepayments, mainly prepayments for raw materials; (ii) other tax receivables; and (iii) loans to an associate, Huafei, for construction purposes to ensure steady supply of raw materials. Huafei is engaged in laterite nickel ore mining in Indonesia.

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
<i>(RMB in thousands)</i>			
Certificate of deposits	—	—	132,858
Prepayments	2,040,290	233,047	519,687
Loans to an associate	796,110	3,950	215,652
Other tax receivables	803,656	1,027,620	745,454
Deposits	74,071	95,930	103,043
Other receivables	69,523	46,984	40,318
Prepaid corporate income tax	572	23,010	1
Impairment losses	(3,391)	(5,042)	(4,563)
Total	<u>3,780,831</u>	<u>1,425,499</u>	<u>1,752,450</u>

FINANCIAL INFORMATION

Our current prepayments, other receivables and other assets decreased from RMB3,780.8 million as of December 31, 2022 to RMB1,425.5 million as of December 31, 2023, primarily due to a RMB1,807.2 million decrease in prepayments, mainly because we strategically procured more raw materials through prepayments in 2022 to ensure stable supply and exercise cost control in anticipation of continued increase in raw material prices. Our current prepayments, other receivables and other assets increased to RMB1,752.5 million as of December 31, 2024, primarily due to (i) a RMB286.6 million increase in our prepayments for inventory to secure pricing; (ii) a RMB132.8 million certificate of deposits we made; and (iii) a RMB211.7 million increase in the current portion of our loans to an associate as portions of the long-term loans were reclassified as current assets as they approach their maturity date.

Financial Assets at FVTOCI, Current

Our current financial assets at FVTOCI consist of bills receivables measured at FVTOCI. Our current financial assets at FVTOCI amounted to RMB1,117.6 million, RMB968.4 million and RMB1,050.6 million as of December 31, 2022, 2023 and 2024, respectively.

Our assets subject to Level 2 fair value measurement mainly included financial assets at FVTPL and bills receivables measured at FVTOCI, which are evaluated using the annual interest rate. For details, see Note 43 to the Accountants’ Report in Appendix I to this document.

Financial Assets at FVTPL, Current

Our current financial assets at FVTPL consist of wealth management products and structured deposits subject to Level 1 and 2 fair value measurement. For details, see Note 43 to the Accountants’ Report in Appendix I to this document. Our financial assets at FVTPL remained relatively stable at RMB3,360.4 million and RMB3,152.6 million as of December 31, 2022 and 2023, respectively. Our financial assets at FVTPL increased to RMB4,527.8 million as of December 31, 2024, primarily due to our increased cash investments.

We have implemented an internal fund management policy to regulate our investments in financial products. Our investment activities aim to enhance capital utilization efficiency and investment returns on our cash assets. We exclusively select principal-protected deposit products and low-risk financial products with high security and strong liquidity, typically with a maturity term of 12 months or less, and such products must not be pledged. All investments in financial products require the approval of our Chairman. The Board oversees our selection of qualified issuers, determination of investment amounts, and choice of financial products. Our finance department is responsible for executing these investments. Following the completion of the [REDACTED], our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

FINANCIAL INFORMATION

Trade and Bills Payables

Our trade and bills payables primarily consist of amounts owed to suppliers and other third parties for purchases of raw materials and others. Our trade and bills payables increased from RMB21,562.0 million as of December 31, 2022 to RMB23,154.1 million as of December 31, 2023, primarily due to higher shipments of power batteries and ESS batteries during the year, which led to a corresponding increase in raw material procurement. Our trade and bills payables remained relatively stable at RMB24,400.3 million as of December 31, 2024.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year	9,770,273	15,636,441	18,756,825
One to two years	18,507	94,119	33,148
Two to three years	1,196	17,620	22,868
Over three years	4,410	3,162	1,085
Total	9,794,386	15,751,342	18,813,926

The following table sets forth the average turnover days of our trade and bills payables for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Average trade and bills payables turnover days ⁽¹⁾	189.6	200.7	216.2

(1) Average trade and bills payables turnover days equal the average of the opening and closing balances of gross carrying amount of trade and bills payables balances of the year indicated divided by the cost of sales of the same year and multiplied by 365 days.

Our average trade and bills payables turnover days increased from 189.6 days in 2022 to 200.7 days in 2023, and further increased to 216.2 days in 2024, primarily due to an increase in trade payables, mainly attributable to a change in our prevalent settlement terms.

As of April 30, 2025, RMB15,585.6 million, or 82.8%, of our trade payables as of December 31, 2024 had been subsequently settled.

FINANCIAL INFORMATION

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Non-Current Assets			
Property, plant and equipment	24,154,464	35,800,984	39,625,755
Right-of-use assets	1,197,385	1,687,878	1,753,186
Intangible assets	291,903	403,786	484,705
Goodwill	65,799	65,799	65,799
Investment in a joint venture	79,862	107,400	157,842
Investment in associates	11,424,649	14,303,252	14,708,820
Prepayments, other receivables and other assets	8,279,028	3,689,078	4,347,784
Financial assets at FVTOCI	347,816	342,445	344,702
Deferred tax assets	939,813	1,168,280	1,417,353
Total non-current assets	46,780,719	57,568,902	62,905,946
Non-Current Liabilities			
Other payables and accruals	739,011	983,593	1,023,385
Contract liabilities	13,283	57,219	43,908
Interest-bearing bank and other borrowings	17,049,673	16,799,788	18,113,504
Lease liabilities	38,232	67,524	66,058
Deferred tax liabilities	466,162	607,182	850,291
Total non-current liabilities	18,306,361	18,515,306	20,097,146

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) machinery, (ii) construction in progress, and (iii) buildings. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Freehold land	–	79,416	411,995
Buildings	3,551,835	6,979,703	8,959,527
Machinery	6,718,942	13,676,653	19,862,099
Electronic equipment	361,377	571,965	563,163
Furniture and office equipment	147,440	180,687	194,965
Transportation equipment	77,241	259,482	326,222
Construction in progress	13,297,629	14,053,078	9,307,784
Total	24,154,464	35,800,984	39,625,755

Our property, plant and equipment increased from RMB24,154.5 million as of December 31, 2022 to RMB35,801.0 million as of December 31, 2023, and further increased to RMB39,625.8 million as of December 31, 2024, primarily due to our purchase of additional machinery as we continued expanding our manufacturing facilities.

Investment in Associates

Our investment in associates increased from RMB11,424.6 million as of December 31, 2022 to RMB14,303.3 million as of December 31, 2023, and further increased to RMB14,708.8 million as of December 31, 2024, primarily due to our additional investments in upstream and downstream associates to ensure the stability of our raw material supply and expand downstream sales.

FINANCIAL INFORMATION

Prepayments, Other Receivables and Other Assets, Non-Current

Our non-current prepayments, other receivables and other assets primarily consist of (i) prepayments for property, plant and equipment, mainly in relation to our expansion of our manufacturing facilities; and (ii) long-term loans to our upstream associate Huafei. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Certificate of deposits	–	–	466,554
Prepayments for property, plant and equipment	6,491,653	1,995,529	2,376,058
Loans to an associate	1,585,403	1,689,306	1,505,172
Prepaid investment cost	200,000	3,000	–
Others	1,972	1,243	–
Total	8,279,028	3,689,078	4,347,784

Our non-current prepayments, other receivables and other assets decreased from RMB8,279.0 million as of December 31, 2022 to RMB3,689.1 million as of December 31, 2023, primarily due to a RMB4,496.1 million decrease in prepayments for property, plant and equipment as the equipments we made prepayments for in 2022 were delivered. Our non-current prepayments, other receivables and other assets increased to RMB4,347.8 million as of December 31, 2024, primarily because (i) we made a RMB466.6 million certificate of deposits; and (ii) we made RMB380.5 million additional prepayments for property, plant and equipment as we made additional machinery purchases.

Other Payables and Accruals, Non-Current

Our non-current other payables and accruals primarily consist of government grants we received.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Government grants	645,997	908,264	996,868
Others	93,014	75,329	26,517
Total	739,011	983,593	1,023,385

Our non-current other payables and accruals increased from RMB739.0 million as of December 31, 2022 to RMB983.6 million as of December 31, 2023, and further increased to RMB1,023.4 million as of December 31, 2024, primarily due to increases in government grants we received.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements mainly from cash generated from our operations and bank and other borrowings. We had bank balances, deposits and cash of RMB8,978.7 million, RMB10,506.2 million, and RMB9,064.9 million as of December 31, 2022, 2023 and 2024, respectively.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, bank and other borrowings and other funds raised from the capital markets from time to time and the net [REDACTED] received from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash from operating activities	2,860,219	8,676,260	4,433,733
Net cash used in investing activities . . .	(19,917,245)	(5,921,074)	(7,310,332)
Net cash from financing activities	18,121,190	31,038	1,400,161
Net increase in cash and			
cash equivalents	1,064,164	2,786,224	(1,476,438)
Cash and cash equivalents at beginning of the year/period.	6,102,238	7,208,889	9,903,081
Effect of foreign exchange rate changes	42,487	(92,032)	84,936
Cash and cash equivalents at end of the year.	7,208,889	9,903,081	8,511,579

Net Cash Flow from Operating Activities

In 2024, we had net cash generated from operating activities of RMB4,433.7 million, primarily attributable to: (i) proceeds from sales of goods of RMB35,484.1 million; (ii) proceeds from other income of RMB1,163.4 million; and (iii) proceeds from refund of other tax and surcharges of RMB1,119.0 million. The foregoing was partially offset by: (i) cash paid for materials and services of RMB26,212.9 million; (ii) cash paid for salaries of RMB4,708.4 million; and (iii) income tax and other taxes paid of RMB1,267.6 million.

FINANCIAL INFORMATION

In 2023, we had net cash generated from operating activities of RMB8,676.3 million. This amount was primarily attributable to: (i) proceeds from sales of goods of RMB33,797.4 million; (ii) proceeds from other income of RMB1,810.1 million; and (iii) proceeds from refund of other tax and surcharges of RMB1,598.0 million. The foregoing was partially offset by: (i) cash paid for materials and services of RMB22,648.7 million; (ii) cash paid for salaries of RMB4,184.1 million; and (iii) income tax and other taxes paid of RMB769.8 million.

In 2022, we had net cash generated from operating activities of RMB2,860.2 million. This amount was primarily attributable to: (i) proceeds from sales of goods of RMB26,640.3 million; (ii) proceeds from refund of other tax and surcharges of RMB1,995.9 million; and (iii) proceeds from other income of RMB1,123.3 million. The foregoing was partially offset by: (i) cash paid for materials and services of RMB22,107.1 million; (ii) cash paid for salaries of RMB2,942.1 million; and (iii) income tax and other taxes paid of RMB577.0 million.

Net Cash Flow Used in Investing Activities

In 2024, we had net cash used in investing activities of RMB7,310.3 million. This was primarily attributable to: (i) purchases of property, plant and equipment, and intangible assets amounting to RMB5,545.3 million; (ii) payments for other investing activities of RMB1,726.9 million; and (iii) cash outflow from the acquisition of a subsidiary of RMB174.8 million. The foregoing was partially offset by: (i) proceeds from investment income of RMB315.8 million; and (ii) proceeds from disposal of associates, joint ventures, and financial assets at fair value of RMB35.0 million.

In 2023, we had net cash used in investing activities of RMB5,921.1 million. This was primarily attributable to: (i) purchases of property, plant and equipment, and intangible assets amounting to RMB5,003.5 million; and (ii) investments in associates, joint ventures, and financial assets at fair value of RMB2,503.1 million. The foregoing was partially offset by: (i) proceeds from other investing activities of RMB1,210.2 million; and (ii) proceeds from investments income of RMB338.0 million.

In 2022, we had net cash used in investing activities of RMB19,917.2 million. This was primarily attributable to: (i) purchases of property, plant and equipment, and intangible assets amounting to RMB13,835.2 million; (ii) payments for other investing activities of RMB4,065.8 million; and (iii) investments in associates, joint ventures, and financial assets at fair value of RMB2,745.4 million. The foregoing was partially offset by: (i) proceeds from investment income at fair value of RMB459.5 million; and (ii) proceeds from disposal of associates, joint ventures, and financial assets at fair value of RMB267.1 million.

Net Cash Flow from Financing Activities

In 2024, we had net cash generated from financing activities of RMB1,400.2 million, mainly attributable to proceeds from borrowings of RMB12,264.7 million, partially offset by (i) repayment of borrowings of RMB9,031.6 million; (ii) dividend paid to owners of the Company of RMB1,020.4 million; and (iii) interest paid of RMB732.1 million.

FINANCIAL INFORMATION

In 2023, we had net cash generated from financing activities of RMB31.0 million, mainly attributable to: (i) proceeds from borrowings of RMB7,138.9 million, partially offset by (i) repayment of borrowings of RMB6,173.5 million; (ii) dividend paid to owners of the Company of RMB326.8 million; and (iii) interest paid of RMB746.9 million.

In 2022, we had net cash generated from financing activities of RMB18,121.2 million, mainly attributable to: (i) proceeds from borrowings of RMB13,782.2 million; (ii) proceeds from directed private placement and restricted stock plan of RMB8,977.1 million; and (iii) proceeds from other financing activities of RMB2,640.0 million, partially offset by (i) repayment of borrowings of RMB3,294.3 million; (ii) payments for other financing activities of RMB3,358.0 million; and (iii) interest paid of RMB454.5 million.

Working Capital Sufficiency

Our Directors are of the opinion that, taking into account the following financial resources available to us described below, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this document:

- cash and cash equivalents;
- available equity financing and bank facilities; and
- the estimated net [REDACTED] from the [REDACTED].

INDEBTEDNESS

Our indebtedness primarily comprised current and non-current interest-bearing bank and other borrowings. As of April 30, 2025, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB33,117.1 million. As of the same date, we had RMB75,937.9 million of unutilized banking facilities available for drawdown.

FINANCIAL INFORMATION

The following table sets forth the balance and breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Interest-bearing bank and other borrowings, current . .	3,959,677	5,136,575	7,336,199	7,047,662
Lease liabilities, current	36,988	29,338	37,812	33,910
Derivative financial instruments	—	705	31,779	18,426
Interest-bearing bank and other borrowings, non-current	17,049,673	16,799,788	18,113,504	25,962,621
Lease liabilities, non-current .	38,232	67,524	66,058	54,436
Total	21,084,570	22,033,930	25,585,352	33,117,055

Interest-bearing Bank and Other Borrowings

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had interest-bearing bank and other borrowings of RMB21,009.4 million, RMB21,936.4 million, RMB25,449.7 million and RMB33,010.3 million, respectively. Our interest-bearing bank and other borrowings were primarily to fund cash needs arising from our operations and purchases of non-current assets. Our borrowings bear effective interest rates from 0.2% to 6.0% per annum. For details, see note 32 of the Accountants’ Report in Appendix I to this document.

As of April 30, 2025, we had total interest-bearing bank and other borrowings of RMB33,010.3 million.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily related to the lease of buildings and machinery used in our operations. We recorded total lease liabilities of RMB75.2 million, RMB96.9 million, RMB103.9 million and RMB88.3 million as of December 31, 2022, 2023 and 2024 and April 30, 2025, respectively.

FINANCIAL INFORMATION

Financial Guarantees

We have executed guarantees with respect to our associate’s bank loans. Under these guarantees, we would be liable to pay the lender if the lender is unable to recover the loans. We have also provided our equity interest in the associate as security for the associate’s bank loans. At end of each reporting period, the guaranteed amount executed in respect of the loans of the associate represents our maximum exposure under the financial guarantee contracts.

As of December 31,			As of April 30,
2022	2023	2024	2025
			(Unaudited)
(RMB in thousands)			

Guarantee to an associate

Guarantee amount executed

by the Group	–	1,428,000	1,428,000	1,428,000

Our Directors confirm that as of the Latest Practicable Date, the agreements under our bank borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in our bank borrowings or payables, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment. Our Directors confirm that there has not been any material change in our indebtedness since the Latest Practicable Date and as of the date of this document.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

FINANCIAL INFORMATION

CONTINGENT LIABILITIES

As of April 30, 2025, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period comprise expenditures for the purchase of property, plant and equipment and intangible assets. Our capital expenditures amounted to RMB13,835.2 million, RMB5,003.5 million and RMB5,545.3 million in 2022, 2023 and 2024, respectively. We funded our capital expenditure requirements primarily from a combination of cash generated from our operating activities, bank and other borrowings, and equity financing.

Our planned capital expenditures will use primarily for the expansion of our manufacturing facilities domestically and overseas, such as in Hungary and Malaysia. We expect to fund these planned capital expenditures with a combination of cash generated from our operating activities, bank borrowings and the net [REDACTED] received from the [REDACTED].

COMMITMENTS

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

	As of December 31,		
	2022	2023	2024
<i>(RMB in thousands)</i>			
Contracted, but not provided for, net of deposits/investments paid			
Property, plant and equipment	12,131,436	11,435,721	13,316,165
Capital contribution of associated companies	3,511,450	5,339,981	—
Total	15,642,886	16,775,702	13,316,165

We have funded and expect to continue funding our capital commitments by cash generated from our operations, bank and other borrowings, and net [REDACTED] from our [REDACTED]. In 2022, 2023 and 2024, our capital commitments were primarily attributable to our payables for property, plant and equipment for the expansion of our manufacturing facilities.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth our selected key financial ratios as of the dates/for the years indicated:

	Year ended/As of December 31,		
	2022	2023	2024
Gross profit margin	15.9%	16.6%	17.4%
Gearing ratio ⁽¹⁾	63.6%	58.0%	62.3%
Debt ratio ⁽²⁾	60.4%	59.7%	59.4%

(1) Gearing ratio is calculated based on total debt, including total lease liabilities and interest-bearing bank and other borrowings, divided by total equity as of the date indicated and multiplied by 100%.

(2) Debt ratio is calculated based on total liabilities divided by total assets as of the date indicated and multiplied by 100%.

Gross Profit Margin

For a detailed analysis of our gross profit margin, see “— Year-to-Year Comparison of Results of Operations.”

Gearing Ratio

Our gearing ratio decreased from 63.6% as of December 31, 2022 to 58.0% as of December 31, 2023, primarily due to an increase in our total equity, mainly attributable to (i) an increase in our property, plant and equipment as we expanded our manufacturing facilities; and (ii) an increase in our investment in associates as we made additional investments in our upstream associates to ensure stable supply of raw materials. Our gearing ratio increased to 62.3% as of December 31, 2024, primarily due to an increase in our total interest-bearing bank and other borrowings as we borrowed additional loans to fund our investment needs and operating activities, and such increase outpaced the increase in our total assets.

Debt Ratio

Our debt ratio decreased from 60.4% as of December 31, 2022 to 59.7% as of December 31, 2023, and further decreased to 59.4% as of December 31, 2024, primarily because the increase in our total assets outpaced the increase in our total liabilities, mainly driven by (i) increases in our property, plant and equipment as we continued expanding our production facilities; and (ii) increases in our trade and bills receivables as our sales increased.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see note 38 of the Accountants’ Report in Appendix I to this document. It is the view of our Directors that each of the related party transactions set out in Note 38 of the Accountants’ Report in Appendix I to this document (i) were conducted on arm’s length basis and on normal commercial terms, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our financial results during the Track Record Period or make our historical results not reflective of our future performance.

Our non-trade related amounts due from related parties mainly included loans we made to one of our associates. Our non-trade related amounts due from related parties comprise loans we made to our associate PT. Huafei Nickel Cobalt (“**Huafei**”). In 2021, we advanced loans to Huafei of principal amounts totaling US\$214.2 million with a term of seven years, at an interest rate of 5% per annum. In 2022, we further advanced short-term loans to Huafei, which were fully repaid in 2023. For further details, see note 22 and 40 to the Accountants’ Report in Appendix I to this document.

We made the loans to Huafei on the consideration that Huafei, one of our associates, a nickel and cobalt supplier, would use such loans to expand its business and fund its operating needs. Enhanced relationship with our upstream suppliers help us secure stable supply of nickel and cobalt, expand our upstream supply chain, and mitigate the adverse impact of raw material price fluctuations on our operations. As of December 31, 2022, 2023 and 2024, our non-trade related amount due from related parties amounted to RMB2,381.5 million, RMB1,693.3 million and RMB1,720.8 million, respectively. Our loan due from Huafei will not be fully settled before the [REDACTED], as the loans have not yet reached maturity under the terms of our loan agreements with Huafei. Any related party transactions after the [REDACTED] will be conducted in compliance with the applicable Listing Rules.

OFF-BALANCE SHEET ARRANGEMENTS

Save as disclosed in the section headed “— Financial Guarantees” below, as of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

FINANCIAL RISK DISCLOSURE

Our activities expose us to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. For details of our financial risks and our risk management measures, see note 44 of the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

DIVIDENDS

In 2022, 2023 and 2024, we declared and paid dividends of RMB303.5 million, RMB326.8 million and RMB1,020.4 million, respectively. As of the Latest Practicable Date, all our dividends declared have been paid in full.

A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Our Shareholders may approve any declaration of dividends.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of any accumulated historical losses and allocations to the statutory reserve equivalent to 10% of our profit after tax.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had RMB3,743.2 million of retained profits available for distribution to our shareholders.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the [REDACTED] of the Shares on the Stock Exchange.

[REDACTED]

Our [REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED], we estimate that our [REDACTED] will be approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], including (i) [REDACTED]-related expenses of approximately HK\$[REDACTED], and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of sponsor, legal advisors and Reporting Accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, we did not incur any [REDACTED]. Subsequent to the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss

FINANCIAL INFORMATION

and approximately HK\$[REDACTED] is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

RECENT DEVELOPMENTS

In the first quarter of 2025, our sales continued to grow rapidly and our revenue increased significantly compared to the same period in 2024. In particular, the shipment volume of our ESS batteries increased by 80.5% from 7.0 GWh in the first quarter of 2024 to 12.7 GWh in the first quarter of 2025 as we continued to strengthen our customer base and maintain stable deliveries. The shipment volume of our power batteries increased by 57.6% from 6.5 GWh in the first quarter of 2024 to 10.2 GWh in the first quarter of 2025 as we achieved exclusive supply for the pure electric models of leading domestic NEV players, expanded our market share in the PHEV segment, and gained significant market traction in the commercial vehicle sector through our Open-source Battery brand.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024 (being the date of our latest audited financial statements) and there has been no event since December 31, 2024 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For further details of our future plans, please see the section headed “Business — Our Strategies” in this Document.

FUTURE PLANS AND PROSPECTS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in the document), after deduction of [REDACTED] fees and [REDACTED] and estimated expenses paid and payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised, taking into account any discretionary incentive fee.

We intend to use the net [REDACTED] we will receive from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used as partial funding for the continued construction of our manufacturing base in Hungary (“**Hungary Project**”) and Phase III construction of our manufacturing base in Malaysia (“**Malaysia Project Phase III**”). The main expenses include the funds required for the construction of the plant and the purchase of equipments in relation to the projects, of which:
 - i. approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to pay partial expenses for the construction of product facilities at the Hungary Project. The main expenses include the funds required for the construction of the plant and the purchase of equipments in relation to the projects. Specifically:
 - a. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the purchase and installation of equipments; and
 - b. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the construction of production facilities, including workshops, warehouses, and ancillary infrastructure.

FUTURE PLANS AND USE OF [REDACTED]

The construction of the Hungary Project has commenced. Production is expected to start in 2027, and the expected production capacity is 30GWh. The main product planned to be produced are power batteries, primarily 46-series large cylindrical batteries. The project site is strategically located adjacent to the production sites of key automotive customers to enable us to better meet their needs, thereby strengthening our long-term strategic partnership with these customers.

We consider our construction of the Hungary Project a necessary move to expand our overseas market share, especially in Europe’s power battery market, as Europe’s EV market grows. As one of the world’s largest automobile consumer markets and the second-largest new energy vehicle market globally, Europe has become a key target market for power batteries, according to Frost & Sullivan. The global shipment volume of large cylindrical batteries (including 46-series) reached 12.9 GWh in 2024 and is expected to increase to 370.5 GWh in 2029, representing a CAGR of 95.7%, according to Frost & Sullivan. Leveraging our strong product design and first-mover position, we believe the addition of our Hungary Project will better position us to seize the opportunities presented by the rapid growth of the large cylindrical battery market and the power battery market, enabling us to better serve customer orders across Europe and paving the way for our future international business expansion.

- ii. approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to pay partial expenses for the construction of the Malaysia Project Phase III. The main expenses include the funds required for the construction of the plant and the purchase of equipments in relation to the projects, specifically:
 - a. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the purchase and installation of equipments; and
 - b. Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for the construction of production facilities, including workshops, warehouses, and ancillary infrastructure.

The Malaysia Project Phase III is expected to commence construction between 2025 and 2026. Construction is estimated to complete within approximately 2.5 years. The Malaysia Project Phase III is designed to have an annual production capacity of approximately 38GWh. The main product planned to be produced are ESS batteries.

In response to increasing demand from international customers, we are continuing to expand the ESS battery production capacity at the site of the Malaysia Project Phase III. As an integral part of our global strategy, this project leverages our lithium battery technological expertise and manufacturing capabilities to focus primarily on producing innovative ESS lithium-ion battery products that prioritize safety, reliability and long lifespan. This enables us to provide customers across the globe with safer, more cost-effective, and more efficient energy storage solutions to meet their needs for energy transition and upgrading.

FUTURE PLANS AND USE OF [REDACTED]

According to Frost & Sullivan, from 2020 to 2024, the global ESS battery annual shipment increased from 23.7 GWh to 292.2 GWh, with a CAGR of 87.4%. It is estimated that in 2029, the global energy storage battery annual shipment will reach 1,101.3 GWh, representing a CAGR of 23.1% from 2025 to 2029. We believe that further capacity expansion will allow us to better capture the rapid growth opportunities in the global ESS battery market, further strengthen our market position, and enhance our ability to serve customers across Asia and around the world.

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate purposes.

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] stated in this document), we will receive additional net [REDACTED] of approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised. If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] stated in this document), the net [REDACTED] we receive will be reduced by approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised. The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the midpoint of the estimated [REDACTED].

To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance, the Law of the PRC on Commercial Banks (中華人民共和國商業銀行法) and applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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ACCOUNTANTS’ REPORT



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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EVE ENERGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of EVE Energy Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [●] to [●], which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “Track Record Period”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified

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Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by RSM Hong Kong in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5	36,303,948	48,783,587	48,614,557
Cost of sales		(30,518,110)	(40,664,274)	(40,149,208)
Gross profit		5,785,838	8,119,313	8,465,349
Other income	6(a)	1,096,387	1,985,398	1,567,446
Selling and marketing expenses		(333,627)	(457,594)	(597,146)
Administrative expenses		(1,602,348)	(1,748,952)	(1,520,000)
Research and development expenses	7	(2,153,136)	(2,731,637)	(2,942,308)
Impairment losses on financial assets and contract assets		(204,783)	(180,374)	(270,057)
Other gains and (losses), net	6(b)	(74,581)	(347,684)	58,236
Finance costs	9	(392,177)	(476,514)	(635,072)
Share of profit of a joint venture	19	33,345	27,538	50,442
Share of results of associates, net	20	1,343,207	639,293	461,375
PROFIT BEFORE TAX	8	3,498,125	4,828,787	4,638,265
Income tax credit/(expense)	12	173,769	(308,521)	(416,862)
PROFIT FOR THE YEAR		<u>3,671,894</u>	<u>4,520,266</u>	<u>4,221,403</u>
Attributable to:				
Owners of the Company		3,508,964	4,050,175	4,075,586
Non-controlling interests		<u>162,930</u>	<u>470,091</u>	<u>145,817</u>
		<u>3,671,894</u>	<u>4,520,266</u>	<u>4,221,403</u>
EARNINGS PER SHARE				
Basic (RMB per share)	14	1.84	1.98	1.99
Diluted (RMB per share)	14	<u>1.83</u>	<u>1.97</u>	<u>1.96</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	3,671,894	4,520,266	4,221,403
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Fair value changes on financial assets at fair value through other comprehensive income (“FVTOCI”), net of tax	939	(594)	881
Share of other comprehensive income/(loss) of associates, net of tax	(4,799)	(24,354)	34,998
Cash flow hedges, net of tax	–	(687)	(26,096)
Exchange differences on translation of foreign operations, net of tax	–	–	41,065
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(3,860)	(25,635)	50,848
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Fair value changes on financial assets at FVTOCI, net of tax	(68,978)	(2,585)	13,788
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(72,838)	(28,220)	64,636
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>3,599,056</u>	<u>4,492,046</u>	<u>4,286,039</u>
Attributable to:			
Owners of the Company	3,436,126	4,021,955	4,142,152
Non-controlling interests	162,930	470,091	143,887
	<u>3,599,056</u>	<u>4,492,046</u>	<u>4,286,039</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	24,154,464	35,800,984	39,625,755
Right-of-use assets	16(a)	1,197,385	1,687,878	1,753,186
Intangible assets.	17	291,903	403,786	484,705
Goodwill.	18	65,799	65,799	65,799
Investment in a joint venture	19	79,862	107,400	157,842
Investment in associates	20	11,424,649	14,303,252	14,708,820
Prepayments, other receivables and other assets	22	8,279,028	3,689,078	4,347,784
Financial assets at FVTOCI.	24	347,816	342,445	344,702
Deferred tax assets	25(a)	939,813	1,168,280	1,417,353
Total non-current assets		46,780,719	57,568,902	62,905,946
CURRENT ASSETS				
Inventories	21	8,587,981	6,316,007	5,251,442
Trade and bills receivables	26	10,841,095	14,195,400	16,081,447
Contract assets.	30(a)	190,560	222,323	256,056
Prepayments, other receivables and other assets	22	3,780,831	1,425,499	1,752,450
Financial assets at FVTOCI.	24	1,117,567	968,383	1,050,583
Financial assets at FVTPL.	27	3,360,354	3,152,616	4,527,842
Bank balances, deposits and cash	28	8,978,705	10,506,209	9,064,859
Total current assets.		36,857,093	36,786,437	37,984,679
CURRENT LIABILITIES				
Trade and bills payables	29	21,561,975	23,154,119	24,400,250
Contract liabilities	30(b)	953,688	340,177	323,223
Other payables and accruals.	31	5,542,874	9,008,186	7,522,919
Interest-bearing bank and other borrowings . .	32	3,959,677	5,136,575	7,336,199
Lease liabilities	16(b)	36,988	29,338	37,812
Derivative financial instruments	33	—	705	31,779
Income tax payable		116,070	165,665	142,110
Total current liabilities		32,171,272	37,834,765	39,794,292
NET CURRENT ASSETS/(LIABILITIES) . . .		4,685,821	(1,048,328)	(1,809,613)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		51,466,540	56,520,574	61,096,333

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		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Other payables and accruals	31	739,011	983,593	1,023,385
Contract liabilities	30(b)	13,283	57,219	43,908
Interest-bearing bank and other borrowings . .	32	17,049,673	16,799,788	18,113,504
Lease liabilities	16(b)	38,232	67,524	66,058
Deferred tax liabilities	25(b)	466,162	607,182	850,291
Total non-current liabilities		18,306,361	18,515,306	20,097,146
Net assets		33,160,179	38,005,268	40,999,187
EQUITY				
Share capital	34	2,041,759	2,045,721	2,045,721
Reserves	35	28,371,691	32,687,143	35,534,976
Equity attributable to owners of the				
Company		30,413,450	34,732,864	37,580,697
Non-controlling interests		2,746,729	3,272,404	3,418,490
Total equity		33,160,179	38,005,268	40,999,187

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	1,898,272	-	8,479,647	(62,647)	333,555	7,285,339	17,934,166	2,453,582	20,387,748
Profit for the year	-	-	-	-	-	3,508,964	3,508,964	162,930	3,671,894
Other comprehensive income for the year	-	-	-	(72,838)	-	-	(72,838)	-	(72,838)
Total comprehensive income for the year	-	-	-	(72,838)	-	3,508,964	3,436,126	162,930	3,599,056
Dividends declared and paid (<i>note 13</i>)	-	-	-	-	-	(303,505)	(303,505)	-	(303,505)
Appropriation of statutory reserve	-	-	-	-	91,492	(91,492)	-	-	-
Capital injection	143,487	-	8,834,038	-	-	-	8,977,525	132,310	9,109,835
Repurchase of ordinary shares	-	(249,890)	-	-	-	-	(249,890)	-	(249,890)
Equity-settled share-based payments (<i>note 36</i>)	-	-	624,795	-	-	-	624,795	-	624,795
Others (<i>note</i>)	-	-	(56,519)	-	5,075	45,677	(5,767)	(2,093)	(7,860)
As at 31 December 2022	2,041,759	(249,890)	17,881,961	(135,485)	430,122	10,444,983	30,413,450	2,746,729	33,160,179

Note: It mainly represents the Group’s share of movements in associates’ equity other than profit or loss, other comprehensive income, and dividends, recognised based on the shareholding proportions.

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ACCOUNTANTS’ REPORT

	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	2,041,759	(249,890)	17,881,961	(135,485)	430,122	10,444,983	30,413,450	2,746,729	33,160,179
Profit for the year	-	-	-	-	-	4,050,175	4,050,175	470,091	4,520,266
Other comprehensive income for the year:	-	-	-	(28,220)	-	-	(28,220)	-	(28,220)
Total comprehensive income for the year	-	-	-	(28,220)	-	4,050,175	4,021,955	470,091	4,492,046
Dividends declared and paid (<i>note 13</i>)	-	-	-	-	-	(326,845)	(326,845)	-	(326,845)
Appropriation of statutory reserve	-	-	-	-	25,019	(25,019)	-	-	-
Capital injection	3,962	-	272,836	-	-	-	276,798	7,690	284,488
Repurchase of ordinary shares	-	(150,030)	-	-	-	-	(150,030)	-	(150,030)
Equity-settled share-based payments (<i>note 36</i>)	-	76,517	456,910	-	-	-	533,427	-	533,427
Others (<i>note</i>)	-	-	(49,313)	-	1,342	12,080	(35,891)	47,894	12,003
As at 31 December 2023	2,045,721	(323,403)	18,562,394	(163,705)	456,483	14,155,374	34,732,864	3,272,404	38,005,268

Note: It mainly represents the Group’s share of movements in associates’ equity other than profit or loss, other comprehensive income, and dividends, recognised based on the shareholding proportions.

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	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	2,045,721	(323,403)	18,562,394	(163,705)	456,483	14,155,374	34,732,864	3,272,404	38,005,268
Profit for the year	-	-	-	-	-	4,075,586	4,075,586	145,817	4,221,403
Other comprehensive income for the year:	-	-	-	66,566	-	-	66,566	(1,930)	64,636
Total comprehensive income for the year	-	-	-	66,566	-	4,075,586	4,142,152	143,887	4,286,039
Dividends declared and paid (<i>note 13</i>)	-	-	-	-	-	(1,020,382)	(1,020,382)	-	(1,020,382)
Appropriation of statutory reserve	-	-	-	-	195,628	(195,628)	-	-	-
Capital injection	-	-	5,373	-	-	-	5,373	2,700	8,073
Repurchase of ordinary shares	-	(61,496)	-	-	-	-	(61,496)	-	(61,496)
Equity-settled share-based payments (<i>note 36</i>)	-	19,946	(76,365)	-	-	-	(56,419)	-	(56,419)
Others (<i>note</i>)	-	-	(162,670)	-	128	1,147	(161,395)	(501)	(161,896)
As at 31 December 2024	2,045,721	(364,953)	18,328,732	(97,139)	652,239	17,016,097	37,580,697	3,418,490	40,999,187

Note: It mainly represents the Group’s share of movements in associates’ equity other than profit or loss, other comprehensive income, and dividends, recognised based on the shareholding proportions.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Proceeds from sales of goods		26,640,259	33,797,389	35,484,086
Proceeds from refund of other tax and surcharges		1,995,932	1,598,004	1,118,987
Cash received related to other operating activities		434,247	67,214	155,268
Interest income		73,698	187,829	154,936
Proceeds from other income		1,123,330	1,810,068	1,163,369
Cash paid for material and services		(22,107,111)	(22,648,659)	(26,212,885)
Cash paid for salaries		(2,942,143)	(4,184,066)	(4,708,398)
Income tax and other taxes paid		(577,003)	(769,832)	(1,267,550)
Cash paid related to other operating activities		(1,780,990)	(1,181,687)	(1,454,080)
Net cash flows generated from operating activities		<u>2,860,219</u>	<u>8,676,260</u>	<u>4,433,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of associates and financial assets at fair value		267,089	32,750	35,000
Proceeds from investment income		459,548	337,977	315,849
Proceeds from disposal of property, plant and equipment and intangible assets		2,522	4,538	1,262
Proceeds from other investing activities		–	1,210,222	71,865
Purchase of property, plant and equipment and intangible assets		(13,835,218)	(5,003,496)	(5,545,325)
Investments in associates, joint ventures and financial assets at fair value		(2,745,410)	(2,503,065)	(287,272)
Acquisition of a subsidiary		–	–	(174,776)
Payments for other investing activities		(4,065,776)	–	(1,726,935)
Net cash flows used in investing activities		<u>(19,917,245)</u>	<u>(5,921,074)</u>	<u>(7,310,332)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placement and restricted share plan		8,977,100	300,170	25,419
Capital contribution from non-controlling interests		132,310	7,690	2,700
Proceeds from borrowings		13,782,155	7,138,938	12,264,657
Proceeds from other financing activities		2,639,990	–	–
Repayment of borrowings		(3,294,328)	(6,173,531)	(9,031,643)
Interest paid		(454,496)	(746,875)	(732,130)
Dividend paid to owners of the Company		(303,505)	(326,845)	(1,020,382)
Payments for other financing activities		(3,358,036)	(168,509)	(108,460)
Net cash flows generated from financing activities		<u>18,121,190</u>	<u>31,038</u>	<u>1,400,161</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,064,164	2,786,224	(1,476,438)
Cash and cash equivalents at beginning of year		6,102,238	7,208,889	9,903,081
Effect of foreign exchange rate changes		42,487	(92,032)	84,936
Cash and cash equivalents at end of year	28	<u>7,208,889</u>	<u>9,903,081</u>	<u>8,511,579</u>

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statements of financial position of the Company at the end of each of the Track Record Period is as follows:

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	2,548,919	2,445,018	2,844,035
Right-of-use assets	16(a)	196,655	304,490	328,890
Intangible assets.	17	144,557	178,999	210,827
Investments in subsidiaries	23	5,637,327	14,063,343	15,174,334
Investment in associates	20	2,514,398	3,256,400	3,159,262
Prepayments, other receivables and other assets	22	285,026	135,828	169,020
Financial assets at FVTOCI.	24	282,816	275,345	292,602
Trade and bills receivables from a subsidiary. .	26	–	–	146,085
Deferred tax assets	25(a)	280,102	289,867	345,325
Total non-current assets		11,889,800	20,949,290	22,670,380
CURRENT ASSETS				
Trade and bills receivables	26	2,314,189	2,558,513	4,058,110
Contract assets.	30(a)	13,611	16,760	16,488
Prepayments, other receivables and other assets	22	9,128,807	2,241,469	3,456,909
Financial assets at FVTOCI.	24	404,623	307,477	289,769
Financial assets at FVTPL.	27	3,150,000	1,541,026	1,820,000
Inventories	21	1,494,205	1,004,371	858,948
Bank balances, deposits and cash	28	4,372,611	3,780,520	1,933,729
Total current assets.		20,878,046	11,450,136	12,433,953
CURRENT LIABILITIES				
Trade and bills payables	29	5,817,096	4,961,864	5,483,413
Contract liabilities	30(b)	330,657	78,576	46,532
Other payables and accruals.	31	702,246	565,044	842,710
Interest-bearing bank and other borrowings . .	32	1,641,821	2,240,315	2,706,152
Lease liabilities	16(b)	1,322	1,367	9,305
Derivative financial instruments	33	–	705	11,915
Total current liabilities		8,493,142	7,847,871	9,100,027
NET CURRENT ASSETS		12,384,904	3,602,265	3,333,926
TOTAL ASSETS LESS CURRENT				
LIABILITIES		24,274,704	24,551,555	26,004,306

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		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Contract liabilities	30(b)	6,669	45,892	25,782
Other payables and accruals	31	258,812	241,505	168,768
Interest-bearing bank and other borrowings . . .	32	4,926,452	4,578,126	5,270,924
Lease liabilities	16	18,393	17,026	34,400
Deferred tax liabilities	25	91,885	96,928	103,365
Total non-current liabilities		5,302,211	4,979,477	5,603,239
Net assets		18,972,493	19,572,078	20,401,067
EQUITY				
Share Capital	34	2,041,759	2,045,721	2,045,721
Reserves	35	16,930,734	17,526,357	18,355,346
Total equity		18,972,493	19,572,078	20,401,067

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock limited company registered in the People’s Republic of China (the “PRC”). The Company’s A shares are listed on the ChiNext Market of the Shenzhen Stock Exchange on 30 October 2009. The address of the Company’s registered office is No. 38, Huifeng 7th Road, Zhongkai Hi-Tech Zone, Huizhou City, Guangdong Province, the PRC.

During the Track Record Period, the Company and its subsidiaries are principally engaged in the research, development, production and sales of consumer batteries, power batteries and energy storage system (“ESS”) batteries.

In the opinion of the directors, the Company’s immediate and ultimate holding company is EVE Holdings Limited, a company incorporated in the PRC and collectively controlled by Liu Jincheng and Luo Jinhong.

In the Historical Financial Information, certain English name of the companies referred herein represent the management’s best effort to translate the Chinese name of the companies as no English name has been registered.

As at the date of this report, the particulars of the Company’s principal subsidiaries are set out as below:

Entity name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
EVE Power Co., Ltd. (湖北億緯動力有限公司) (Note (a))	The PRC 4 July 2012	RMB1,303,261,096	100.00%	N/A	Power and ESS batteries related business
Jingmen EVE Innovation Energy Co., Ltd. (荊門億緯創能鋰電池有限公司) (Note (a))	The PRC 29 September 2017	RMB2,022,756,797	100.00%	N/A	Consumer batteries related business
EVE Asia Co., Limited (億緯亞洲有限公司) (Note (b))	Hong Kong 4 January 2013	USD409,500,000	100.00%	N/A	International trading
EVE Energy Storage Company Limited (武漢億緯儲能有限公司) (Note (a))	The PRC 10 May 2018	RMB81,774,300	100.00%	N/A	ESS batteries related business
Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司) (Note (a))	The PRC 5 February 2021	USD235,234,212	45.6%	54.4%	Power batteries related business
Huizhou EVE United Energy Co., Ltd. (惠州億緯集能有限公司) (Note (a))	The PRC 20 June 2018	RMB4,153,556,863	N/A	51%	Power batteries related business
EVE Battery Investment Ltd. (Note (d))	British Virgin Islands 13 August 2019	USD10	N/A	100%	Investment holdings
Huizhou EVE Innovation Energy Batteries Co., Ltd. (惠州億緯創能電池有限公司) (Note (a))	The PRC 14 January 1999	RMB178,425,065	100.00%	N/A	Consumer batteries and batteries equipment related business
Ningbo EVE Energy Lithium Battery Co., Ltd. (寧波億緯創能鋰電池有限公司) (Note (a))	The PRC 22 December 2020	RMB105,000,000	100.00%	N/A	Consumer batteries related business
Wuhan Fuante Technology Co., Ltd. (武漢孚安特科技有限公司) (Note (a))	The PRC 11 March 2004	RMB4,440,461	100.00%	N/A	Consumer batteries related business
Huizhou Jinyuan Intelligent Robot Co., Ltd. (惠州金源智能機器人有限公司) (Note (a))	The PRC 17 December 2010	RMB3,000,000	100.00%	N/A	Intelligent robot and lithium batteries equipment related business

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Entity name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Jingmen EVE New Energy Solutions Co., Ltd. (荊門億緯新能源系統有限公司) (Note (a))	The PRC 17 January 2024	RMB40,000,000	N/A	100.00%	Power and ESS batteries related business
Huizhou EVE New Energy Solutions Co., Ltd. (惠州億緯新能源系統有限公司) (Note (a))	The PRC 2 January 2024	RMB40,000,000	N/A	100.00%	Power and ESS batteries related business
Qujing EVE Energy Co., Ltd. (曲靖億緯鋰能有限公司) (Note (a))	The PRC 2 August 2022	RMB1,050,000,000	94.8%	5.2%	Power and ESS batteries related business
Jinhai Lithium Industry (Qinghai) Co., Ltd. (金海鋰業(青海)有限公司) (Note (a))	The PRC 1 September 2021	RMB180,000,000	80.00%	N/A	Lithium batteries material related business
Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司) (Note (a))	The PRC 9 August 2021	RMB500,000,000	N/A	65%	ESS batteries related business
EVE Power HongKong Co., Ltd. (億緯動力香港有限公司) (Note (c))	Hong Kong 9 September 2020	HK\$1,000,000	N/A	100.00%	Investment management, management consulting and trading

- (a) The statutory financial statements of these entities for the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by RSM China CPA LLP.
- (b) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 prepared under Hong Kong Financial Reporting Standards (“HKFRS”) were audited by D.V. CPA Limited and ZHONGHUI ANDA CPA Limited, respectively. The financial statements for the year ended 31 December 2024 remain unaudited.
- (c) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 prepared under HKFRS were audited by ZHONGHUI ANDA CPA Limited. The financial statements for the year ended 31 December 2024 remain unaudited.
- (d) No audited statutory financial statements were issued as there are no statutory requirements in its place of incorporation.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (“IFRSs”), which comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations approved by the International Accounting Standards Board (“IASB”). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets and liabilities which are stated at fair value.

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Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Track Record Period. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ²

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

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The Group is in the process of making a detailed assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows (additional disclosure will be included in the financial statements). The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICY

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group’s share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group’s investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group’s investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at end of each reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the end of each Track Record Period. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Track Record Period.

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Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and 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, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Track Record Period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land.	Not depreciated
Buildings	3%
Machinery.	9%
Electronic equipment	18%
Furniture and office equipment	18%
Transportation equipment	18%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment loss and is amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Patent rights and non-patented technologies

Purchased patent rights and non-patented technologies are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

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Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 5 years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid land use rights	50 years
Buildings	Lease terms
Machinery.	Lease terms

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

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Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit and loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, amounts due to related parties and Interest-bearing bank and other borrowings and other liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Exchangeable bond

Exchangeable bond is hybrid debt security that gives the holder the right, but not the obligation, to exchange the bond for shares of a company other than the issuer at a future date and under specified conditions.

On initial recognition, exchangeable bond is bifurcated into a financial liability component and an embedded derivative representing the exchange option. The financial liability component is measured at fair value based on prevailing market rates for similar debt instruments without the exchange feature and is subsequently carried at amortised cost using the effective interest method. The embedded derivative, representing the holder’s right to

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exchange the bond for shares of a third party, is measured at fair value through profit or loss both at initial recognition and subsequently, with changes in fair value recognised in profit or loss. Upon exercise or expiry of the exchange option, the carrying amounts of the financial liability and the derivative are derecognised, and any resulting gain or loss is recognised in profit or loss.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and commodity price risk in cash flow hedges.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

Cash flow hedges

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

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

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

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Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each Track Record Period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each Track Record Period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The following is a description of accounting policy for the revenue streams of the Group:

- (a) Revenue for domestic sale of goods is recognised when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.
- (b) Revenue for overseas sale of goods is recognised when the Company has declared the goods for customs clearance in accordance with the contract terms, and has obtained a customs clearance or received acceptance and other proof of receipt from the customers.

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The Group makes the best estimate of the variable consideration on the basis of the expected value or the amount that is most likely to be incurred, provided that the transaction price containing the variable consideration does not exceed the amount at which it is highly probable that a material reversal of the cumulative recognised revenue will occur when the related uncertainty is eliminated.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 36 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each Track Record Period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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Employee benefits

Pension scheme

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 proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each Track Record Period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries and associates are currencies other than RMB. As at the end of the Track Record Period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Track Record Period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each Track Record 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 described below.

Impairment of investment in associate and joint ventures

The Group generally accounts for its interests in associates using the equity accounting method in accordance with IAS 28 – Investments in Associates and Joint Ventures. If objective evidence of potential impairment were identified, management would require testing the carrying amount of the net investment in associate or joint venture for impairment under IAS 36 – Impairment of Assets.

Events that are objective evidence that the net investment in associate or joint venture may be impaired include:

- Significant financial difficulty of the associate or joint venture
- A breach of contract, such as a default or delinquency in payments by the associate or joint venture
- An entity, for economic or legal reasons relating to its associate’s or joint venture’s financial difficulty, granting to the associate or joint venture a concession that the entity would not otherwise consider
- It becoming probable that the associate or joint venture will enter bankruptcy or other financial reorganisation
- Significant adverse changes in the technological, market, economic or legal environment in which the associate operates
- Prolonged decline in the investment’s fair value below its cost

The Group assessed these objective evidence in accordance with IAS 28, which require evaluation of objective evidence of impairment from one or more events that occurred after initial recognition and that have an impact on the estimated future cash flows from the net investment in the associate or joint venture.

When performing the aforesaid impairment test, recoverable amount, which is the higher of fair value less costs of disposal (market approach) or value in use (discounted cash flow approach), will need to be determined by valuation techniques.

For market approach, management must identify comparable assets or transactions and adjust for differences in size, timing, and market conditions, while also considering what assumptions market participants would use. For discounted cash flow approach, management need to estimate future revenues, costs, and necessary investments based on the asset’s current state, choose a discount rate that fairly reflects market risks and the time value of money, and decide on a reliable forecast period and long-term growth assumptions. These steps involves significant estimates of management and can significantly impact the final valuation used for impairment testing.

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Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any 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 recoverable amounts.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realisable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result.

As at 31 December 2022, 2023 and 2024, the carrying amount of inventories amounted to RMB8,587,981,000, RMB6,316,007,000 and RMB5,251,442,000, respectively.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 26 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group’s management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

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5. REVENUE

(a) Disaggregated revenue information

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products or services line			
Consumer batteries	8,513,451	8,362,121	10,322,161
Power batteries	18,250,702	23,983,868	19,167,242
ESS batteries	9,432,103	16,340,210	19,026,922
Others	4,740	12,192	20,820
	<u>36,200,996</u>	<u>48,698,391</u>	<u>48,537,145</u>
Revenue from other sources			
Interest income from loans from an associate . . .	102,952	85,196	77,412
Total	<u>36,303,948</u>	<u>48,783,587</u>	<u>48,614,557</u>
Geographical markets			
Mainland China	23,674,165	35,482,428	36,823,166
Other countries/regions	12,629,783	13,301,159	11,791,391
Total	<u>36,303,948</u>	<u>48,783,587</u>	<u>48,614,557</u>
Timing of revenue recognition			
At a point in time	36,200,639	48,696,593	48,382,737
Over time	103,309	86,994	231,820
	<u>36,303,948</u>	<u>48,783,587</u>	<u>48,614,557</u>

(b) Information about major customers

Revenue from customers which individually contributed over 10% of the Group’s revenue during the Track Record Period is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from major customers			
Customer A	<u>5,869,387</u>	<u>6,966,827</u>	<u>N/A*</u>

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

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(c) 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) and the expected timing of recognising revenue as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	953,688	340,177	323,223
After one year	13,283	57,219	43,908
	<u>966,971</u>	<u>397,396</u>	<u>367,131</u>

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants*.	1,021,111	1,778,146	1,396,346
Interest income.	73,721	200,306	167,212
Others	1,555	6,946	3,888
	<u>1,096,387</u>	<u>1,985,398</u>	<u>1,567,446</u>

* The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward the Group’s support and contribution for the development of local economies. There are no unfulfilled conditions or contingencies relating to these grants.

(b) Other gains and (losses), net

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fair value losses on financial assets at FVTPL . .	(13,402)	12,364	(12,987)
Investment (losses)/income on financial assets at FVTPL	(115,152)	106,212	131,427
Hedge ineffectiveness in cash flow hedges.	–	(167,224)	3,160
Foreign exchange difference, net.	193,498	92,014	55,936
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets	(22,521)	(40,950)	(72,041)
Provision for inventory.	(119,240)	(363,243)	(46,467)
Others	2,236	13,143	(792)
	<u>(74,581)</u>	<u>(347,684)</u>	<u>58,236</u>

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7. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Employee benefit expenses	1,019,439	1,270,944	1,348,615
Material costs	632,514	717,775	519,245
Others	501,183	742,918	1,074,448
	<u>2,153,136</u>	<u>2,731,637</u>	<u>2,942,308</u>

8. PROFIT BEFORE TAX

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

		Year ended 31 December	Year ended 31 December	Year ended 31 December
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cost of inventories recognised as an expense		30,518,110	40,664,274	40,149,208
Depreciation of property, plant and equipment	15	915,438	1,320,748	2,412,887
Depreciation of right-of-use assets	16(a)	58,333	69,637	79,520
Amortisation of intangible assets	17	65,642	73,277	99,322
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets		22,521	40,950	72,041
Provision of inventory		119,240	363,243	46,467
Employee benefit expenses (excluding directors’ and chief executive’s remuneration (note 10):				
Wages, salaries and other allowances . . .		2,805,429	3,771,072	4,133,608
Equity-settled share-based payment expenses		616,834	443,262	(73,363)
Pension scheme contributions and social welfare		<u>350,619</u>	<u>467,385</u>	<u>549,627</u>
		<u>3,772,882</u>	<u>4,681,719</u>	<u>4,609,872</u>
Impairment of trade and bills receivables	26	196,217	177,051	268,715
Impairment of contract assets		7,016	1,672	1,775
Impairment/(reversal of impairment) of prepayments, other receivables and other assets	22	1,550	1,651	(433)
Foreign exchange differences, net		(193,498)	(92,014)	(55,936)
Expense relating to short-term leases . . .		<u>4,961</u>	<u>37,519</u>	<u>48,360</u>

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9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	543,519	788,062	773,056
Interest on lease liabilities	4,684	3,303	3,653
	548,203	791,365	776,709
Less: interest capitalised	(156,026)	(314,851)	(141,637)
	392,177	476,514	635,072

10. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	17,074	13,875	14,969
Equity-settled share-based payment expense	7,961	13,648	(3,002)
Total	25,035	27,523	11,967

(a) Independent non-executive directors

Mr. Tang Yong, Mr. Zhan Qijun, Ms. Li Chung, Ms. Lei Qiaoping and Mr. Wang Yuelin were appointed as independent non-executive directors of the Company.

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022			
Mr. Tang Yong	83	—	83
Mr. Zhan Qijun	17	—	17
Ms. Li Chung	17	—	17
Ms. Lei Qiaoping	67	—	67
Mr. Wang Yuelin	67	—	67
	251	—	251

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	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2023			
Mr. Tang Yong	100	—	100
Mr. Zhan Qijun	100	—	100
Ms. Li Chunge	100	—	100
	<u>300</u>	<u>—</u>	<u>300</u>

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024			
Mr. Tang Yong	120	—	120
Mr. Zhan Qijun	120	—	120
Ms. Li Chunge	120	—	120
	<u>360</u>	<u>—</u>	<u>360</u>

(b) Executive directors

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2022			
Executive directors:			
Dr. Liu Jincheng	4,343	30	4,373
Mr. Liu Jianhua	1,876	1,522	3,398
Ms. Jiang Min	<u>1,175</u>	<u>1,140</u>	<u>2,315</u>
Supervisors:			
Ms. Zhu Yuan	1,092	79	1,171
Ms. Zeng Yongfang	541	79	620
Mr. Tong Bo	464	(43)	421
Mr. Yuan Zhongzhi	<u>439</u>	<u>30</u>	<u>469</u>

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	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2022			
Chief executive:			
Mr. Sang Tian	1,908	1,148	3,056
Mr. Huang Guomin	1,037	1,159	2,196
Mr. Chen Zhuoying	1,513	407	1,920
Mr. Wang Shifeng	1,307	1,233	2,540
Ms. Li Mufen	978	1,177	2,155
Total	<u>16,673</u>	<u>7,961</u>	<u>24,634</u>

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2023			
Executive directors:			
Dr. Liu Jincheng	4,344	–	4,344
Mr. Liu Jianhua	1,856	4,156	6,012
Ms. Jiang Min	<u>997</u>	<u>2,610</u>	<u>3,607</u>
Supervisors:			
Ms. Zhu Yuan	1,110	–	1,110
Ms. Zeng Yongfang	504	–	504
Mr. Tong Bo	<u>623</u>	<u>–</u>	<u>623</u>
Chief executive:			
Mr. Sang Tian	1,565	2,531	4,096
Mr. Huang Guomin	1,052	2,537	3,589
Mr. Chen Zhuoying	<u>1,424</u>	<u>323</u>	<u>1,747</u>
Total	<u>13,475</u>	<u>12,157</u>	<u>25,632</u>

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024			
Executive directors:			
Dr. Liu Jincheng	4,573	–	4,573
Mr. Liu Jianhua	2,239	(775)	1,464
Ms. Jiang Min	<u>1,117</u>	<u>(479)</u>	<u>638</u>
Supervisors:			
Ms. Zhu Yuan	1,570	–	1,570
Ms. Zeng Yongfang	575	–	575
Mr. Tong Bo	<u>547</u>	<u>–</u>	<u>547</u>
Chief executive:			
Mr. Sang Tian	1,415	(625)	790
Mr. Huang Guomin	1,090	(484)	606
Mr. Chen Zhuoying	<u>1,363</u>	<u>852</u>	<u>2,215</u>
Total	<u>14,489</u>	<u>(1,511)</u>	<u>12,978</u>

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(c) Non-executive director

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2022			
Dr. Ai Xinping	83	—	83
Mr. Yuan Huagang	67	—	67
	<u>150</u>	<u>—</u>	<u>150</u>

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2023			
Dr. Ai Xinping	100	1,491	1,591
	<u>100</u>	<u>1,491</u>	<u>1,591</u>

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Equity-settled share-based payment expense	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024			
Dr. Ai Xinping	120	(1,491)	(1,371)
	<u>120</u>	<u>(1,491)</u>	<u>(1,371)</u>

Notes:

- (i) Mr. Yuan Huagang resigned as Non-executive director on 31 October 2022.
- (ii) Mr. Yuan Zhongzhi resigned as Supervisor on 31 October 2022.
- (iii) Mr. Wang Shifeng resigned as Chief executive on 31 October 2022.
- (iv) Ms. Li Mufen resigned as Chief executive on 31 October 2022.

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(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/period or at any time during the Track Record Period.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2022, 2023 and 2024 included 1 director, 0 director and 1 director, respectively. Details of those directors’ remuneration are set out in note 10 above. Details of the remuneration for the Track Record Period of the highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	6,057	11,348	14,647
Equity-settled share-based payment expense	14,343	25,874	3,298
Total	20,400	37,222	17,945

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees		
	Year ended 31 December		
	2022	2023	2024
HK\$2,000,001 to HK\$4,000,000	–	–	2
HK\$4,000,001 to HK\$6,000,000	3	–	1
HK\$6,000,001 to HK\$8,000,000	–	3	1
HK\$8,000,001 to HK\$10,000,000	1	1	–
HK\$10,000,001 to HK\$12,000,000	–	1	–
	=	=	=

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12. INCOME TAX (CREDIT)/EXPENSE

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

The Group’s subsidiaries incorporated in Hong Kong were subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be taxed at 8.25%. Profits above HK\$2 million will be subject to the tax rate of 16.5%. Therefore, one of the Group’s subsidiaries incorporated in Hong Kong can enjoy a lower tax rate during the Track Record Period.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income.

Preferential tax treatment is available to the Company and certain subsidiaries since they are certified as High and New Technology Enterprises, and the Company and certain subsidiaries are subject to a preferential income tax rate of 15% from 2022 to 2024.

According to Caishui (2011) No. 58 “The notice on the tax policies of further implementation of the western region development strategy” (財稅[2011]58號“關於深入實施西部大開發戰略有關稅收政策問題的通知”) issued by the Ministry of Finance (the “MOF”), the State Administration of Taxation (the “SAT”) and the General Administration of Customs, companies set up in the western region and falling into the encouraged industry catalogue promulgated by the PRC government are entitled to a preferential tax rate of 15%. Jinhai Lithium (Qinghai) Co., Ltd and Qujing EVE Energy Co., Ltd. were set up in the western development region and fall into the encouraged industry catalogue, and therefore they are entitled to the foresaid preferential tax rate.

According to relevant provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》) (Announcement No. 13 [2022] of the MOF and the SAT), from 1 January 2022 to 31 December 2024, the portion of annual taxable income of a small low-profit enterprise which exceeds RMB1 million but does not exceed RMB3 million shall be calculated at a reduced rate of 25% as taxable income amount and shall be subject to corporate income tax at 20%.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax	183,193	397,542	420,808
Deferred tax (note 25)	(356,962)	(89,021)	(3,946)
Total tax (credit)/charge for the year	<u>(173,769)</u>	<u>308,521</u>	<u>416,862</u>

A reconciliation of the tax (credit)/expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	3,498,125	4,828,787	4,638,265
Tax at the statutory tax rate	524,719	724,318	695,740
Different tax rate(s) for specific provinces or enacted by local authority	(191,494)	(85,267)	(40,476)
Share of results of a joint venture and associates	(84,129)	(23,399)	(19,986)

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	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Adjustments in respect of current tax of previous periods	(26,842)	(24,028)	66,956
Expenses not deductible for tax	2,071	8,234	30,981
Super deduction for research and development expenses and depreciation	(438,085)	(393,401)	(361,501)
Utilisation of tax losses not recognised previously	–	(44,765)	(2,703)
Change in tax rate on the opening deferred tax balance	–	107,809	2,911
Unrecognised temporary differences or tax losses during the year	45,931	6,219	4,893
Others	(5,940)	32,801	40,047
Tax (credit)/charge at the Group’s effective tax rate	<u>(173,769)</u>	<u>308,521</u>	<u>416,862</u>

13. DIVIDEND

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
	note (a)	note (b)	note (c)
Final dividends.	<u>303,505</u>	<u>326,845</u>	<u>1,020,382</u>

Notes:

- (a) The final dividends of RMB1.60 per 10 shares (tax inclusive) in respect of the year ended 31 December 2021 were approved in 2021 Annual General Meeting of the Company. It had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2021. The final dividends were paid on 27 September 2022.
- (b) The final dividends of RMB1.60 per 10 shares (tax inclusive) in respect of the year ended 31 December 2022 were approved in 2022 Annual General Meeting of the Company. It had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2022. The final dividends were paid on 11 July 2023.
- (c) The final dividends of RMB5.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Company. It had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2023. The final dividends were paid on 21 May 2024.
- (d) The final dividends of RMB5.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 were approved in 2024 Annual General Meeting of the Company. It had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2024. The final dividends were paid on 19 May 2025.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares as these shares are not considered outstanding for EPS calculation purposes.

The Employee Incentive Plans of the Group have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding, excluding treasury shares, by the assumption of the conversion of all potential dilutive ordinary shares arising from Employee Incentive Plans (collectively forming the dominator for computing the diluted earnings per share).

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	Freehold land	Buildings	Machinery	Electronic equipment	Furniture and office equipment	Transportation equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023								
Opening net carrying amount	–	3,551,835	6,718,942	361,377	147,440	77,241	13,297,629	24,154,464
Additions	79,416	–	–	18,260	16,092	4,997	13,036,735	13,155,500
Disposals	–	–	(16,317)	(1,319)	(1,680)	(8,308)	(160,608)	(188,232)
Depreciation provided during the year (note 8)	–	(139,007)	(1,008,460)	(106,443)	(40,265)	(26,573)	–	(1,320,748)
Transfer from construction in progress.	–	3,566,875	7,982,488	300,090	59,100	212,125	(12,120,678)	–
Closing net carrying amount	<u>79,416</u>	<u>6,979,703</u>	<u>13,676,653</u>	<u>571,965</u>	<u>180,687</u>	<u>259,482</u>	<u>14,053,078</u>	<u>35,800,984</u>
As at 31 December 2023 and 1 January 2024								
Cost	79,416	7,318,860	15,995,279	852,965	280,658	314,515	14,053,078	38,894,771
Accumulated depreciation	–	(339,157)	(2,318,626)	(281,000)	(99,971)	(55,033)	–	(3,093,787)
Net carrying amount	<u>79,416</u>	<u>6,979,703</u>	<u>13,676,653</u>	<u>571,965</u>	<u>180,687</u>	<u>259,482</u>	<u>14,053,078</u>	<u>35,800,984</u>
Year ended 31 December 2024								
Opening net carrying amount	79,416	6,979,703	13,676,653	571,965	180,687	259,482	14,053,078	35,800,984
Additions	332,579	155,692	67,672	9,134	35,557	6,995	6,149,733	6,757,362
Disposals	–	–	(339,475)	(3,259)	(660)	(254)	(176,056)	(519,704)
Depreciation provided during the year (note 8)	–	(262,849)	(1,881,031)	(153,004)	(49,889)	(66,114)	–	(2,412,887)
Transfer from construction in progress.	–	2,086,981	8,338,280	138,327	29,270	126,113	(10,718,971)	–
Closing net carrying amount	<u>411,995</u>	<u>8,959,527</u>	<u>19,862,099</u>	<u>563,163</u>	<u>194,965</u>	<u>326,222</u>	<u>9,307,784</u>	<u>39,625,755</u>
As at 31 December 2024								
Cost	411,995	9,561,533	23,526,446	957,709	336,016	439,003	9,307,784	44,540,486
Accumulated depreciation	–	(602,006)	(3,664,347)	(394,546)	(141,051)	(112,781)	–	(4,914,731)
Net carrying amount	<u>411,995</u>	<u>8,959,527</u>	<u>19,862,099</u>	<u>563,163</u>	<u>194,965</u>	<u>326,222</u>	<u>9,307,784</u>	<u>39,625,755</u>

The Group’s buildings are located in the PRC and the carrying amounts of buildings amounted to RMB3,177,404,000, RMB4,947,815,000 and RMB2,928,425,000 as at 31 December 2022, 2023 and 2024, respectively, are in the process of obtaining property ownership certificates. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the properties and buildings, and therefore the aforesaid matter did not have any significant impact on the Group’s consolidated statements of financial positions as at 31 December 2022, 2023 and 2024.

As at 31 December 2022, 2023 and 2024, property, plant and equipment with carrying values of RMB1,456,762,000, RMB1,692,196,000 and RMB1,034,487,000 respectively, were pledged for borrowings.

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The Company

	Buildings	Machinery	Electronic equipment	Furniture and office equipment	Transportation equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022:							
Cost	655,988	1,082,923	161,014	65,875	18,288	304,865	2,288,953
Accumulated depreciation	(56,566)	(200,117)	(70,275)	(27,740)	(9,549)	–	(364,247)
Net carrying amount	<u>599,422</u>	<u>882,806</u>	<u>90,739</u>	<u>38,135</u>	<u>8,739</u>	<u>304,865</u>	<u>1,924,706</u>
Year ended 31 December 2022							
Opening net carrying amount	599,422	882,806	90,739	38,135	8,739	304,865	1,924,706
Additions	–	194,330	42,356	24,413	3,390	657,247	921,736
Disposals	–	(53,110)	(36,462)	(11,977)	(263)	–	(101,812)
Depreciation provided during the year	(20,636)	(141,056)	(20,364)	(9,609)	(4,046)	–	(195,711)
Transfer from construction in progress	33,387	244,198	9,012	5,245	2,323	(294,165)	–
Closing net carrying amount	<u>612,173</u>	<u>1,127,168</u>	<u>85,281</u>	<u>46,207</u>	<u>10,143</u>	<u>667,947</u>	<u>2,548,919</u>
As at 31 December 2022 and 1 January 2023							
Cost	689,375	1,392,287	163,693	79,404	23,662	667,947	3,016,368
Accumulated depreciation	(77,202)	(265,119)	(78,412)	(33,197)	(13,519)	–	(467,449)
Net carrying amount	<u>612,173</u>	<u>1,127,168</u>	<u>85,281</u>	<u>46,207</u>	<u>10,143</u>	<u>667,947</u>	<u>2,548,919</u>
Year ended 31 December 2023							
Opening net carrying amount	612,173	1,127,168	85,281	46,207	10,143	667,947	2,548,919
Additions	–	41,799	21,593	9,383	5,112	93,588	171,475
Disposals	–	(42,319)	(802)	(837)	(106)	–	(44,064)
Depreciation provided during the year	(24,477)	(167,920)	(24,109)	(12,146)	(2,660)	–	(231,312)
Transfer from construction in progress	452,800	102,934	14,079	2,447	315	(572,575)	–
Closing net carrying amount	<u>1,040,496</u>	<u>1,061,662</u>	<u>96,042</u>	<u>45,054</u>	<u>12,804</u>	<u>188,960</u>	<u>2,445,018</u>
As at 31 December 2023 and 1 January 2024							
Cost	1,142,175	1,477,240	196,763	89,387	28,789	188,960	3,123,314
Accumulated depreciation	(101,679)	(415,578)	(100,721)	(44,333)	(15,985)	–	(678,296)
Net carrying amount	<u>1,040,496</u>	<u>1,061,662</u>	<u>96,042</u>	<u>45,054</u>	<u>12,804</u>	<u>188,960</u>	<u>2,445,018</u>
Year ended 31 December 2024							
Opening net carrying amount	1,040,496	1,061,662	96,042	45,054	12,804	188,960	2,445,018
Additions	–	453,012	58,537	33,242	16,478	272,704	833,973
Disposals	–	(172,830)	(660)	(293)	(734)	–	(174,517)
Depreciation provided during the year	(35,118)	(178,416)	(28,476)	(14,452)	(3,977)	–	(260,439)
Transfer from construction in progress	36,041	98,091	11,093	3,040	127	(148,392)	–
Closing net carrying amount	<u>1,041,419</u>	<u>1,261,519</u>	<u>136,536</u>	<u>66,591</u>	<u>24,698</u>	<u>313,272</u>	<u>2,844,035</u>
As at 31 December 2024							
Cost	1,178,216	1,689,094	262,111	124,553	44,343	313,272	3,611,589
Accumulated depreciation	(136,797)	(427,575)	(125,575)	(57,962)	(19,645)	–	(767,554)
Net carrying amount	<u>1,041,419</u>	<u>1,261,519</u>	<u>136,536</u>	<u>66,591</u>	<u>24,698</u>	<u>313,272</u>	<u>2,844,035</u>

The Company’s buildings are located in the PRC and the carrying amounts of buildings amounted to RMB478,372,000, RMB776,807,000 and RMB504,407,000 as at 31 December 2022, 2023 and 2024, respectively, are in the process of obtaining property ownership certificates. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the properties and buildings, and therefore the aforesaid matter did not have any significant impact on the Company’s statements of financial positions as at 31 December 2022, 2023 and 2024.

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16. LEASES

The Group

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the year are as follows:

	Buildings	Prepaid land use rights	Machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	53,044	689,703	–	742,747
Additions	20,464	455,478	40,246	516,188
Disposals	(3,217)	–	–	(3,217)
Depreciation charge	(27,367)	(20,124)	(10,842)	(58,333)
As at 31 December 2022	<u>42,924</u>	<u>1,125,057</u>	<u>29,404</u>	<u>1,197,385</u>
As at 1 January 2023	42,924	1,125,057	29,404	1,197,385
Additions	71,340	563,962	–	635,302
Disposals	(8,433)	(66,739)	–	(75,172)
Depreciation charge	(34,031)	(29,411)	(6,195)	(69,637)
As at 31 December 2023	<u>71,800</u>	<u>1,592,869</u>	<u>23,209</u>	<u>1,687,878</u>
As at 1 January 2024	71,800	1,592,869	23,209	1,687,878
Additions	83,818	94,610	–	178,428
Disposals	(26,964)	(6,636)	–	(33,600)
Depreciation charge	(38,741)	(34,584)	(6,195)	(79,520)
As at 31 December 2024	<u>89,913</u>	<u>1,646,259</u>	<u>17,014</u>	<u>1,753,186</u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
As at 1 January	56,819	75,220	96,862
New leases	52,999	63,453	79,609
Accretion of interest recognised during the year	4,684	3,303	3,653
Disposals	(3,217)	(8,583)	(27,321)
Payments	(36,065)	(36,531)	(48,933)
As at 31 December	<u>75,220</u>	<u>96,862</u>	<u>103,870</u>
Analysed into:			
Current portion	36,988	29,338	37,812
Non-current portion	<u>38,232</u>	<u>67,524</u>	<u>66,058</u>

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(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	4,684	3,303	3,653
Depreciation charge of right-of-use assets	58,333	69,637	79,520
Expense relating to short-term leases	4,961	37,519	48,360
Total amount recognised in profit or loss	<u>67,978</u>	<u>110,459</u>	<u>131,533</u>

The Company

(a) *Right-of-use assets*

The carrying amounts of the right-of-use assets and the movements during the year are as follows:

	Buildings	Prepaid land use rights	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	6,562	181,210	187,772
Additions	17,122	–	17,122
Disposals	(3,217)	–	(3,217)
Depreciation charge	(1,140)	(3,882)	(5,022)
As at 31 December 2022	<u>19,327</u>	<u>177,328</u>	<u>196,655</u>

	Buildings	Prepaid land use rights	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	19,327	177,328	196,655
Additions	–	176,377	176,377
Disposals	–	(62,275)	(62,275)
Depreciation charge	(2,223)	(4,044)	(6,267)
As at 31 December 2023	<u>17,104</u>	<u>287,386</u>	<u>304,490</u>

	Buildings	Prepaid land use rights	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2024	17,104	287,386	304,490
Additions	50,393	4,852	55,245
Disposals	(15,276)	–	(15,276)
Depreciation charge	(9,408)	(6,161)	(15,569)
As at 31 December 2024	<u>42,813</u>	<u>286,077</u>	<u>328,890</u>

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(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
As at 1 January	6,676	19,715	18,393
New leases	17,122	–	44,502
Accretion of interest recognised during the year	307	631	1,235
Disposals	(3,217)	–	(13,934)
Payments	(1,173)	(1,953)	(6,491)
As at 31 December	<u>19,715</u>	<u>18,393</u>	<u>43,705</u>
Analysed into:			
Current portion	1,322	1,367	9,305
Non-current portion	<u>18,393</u>	<u>17,026</u>	<u>34,400</u>

17. INTANGIBLE ASSETS

The Group

	Software	Deferred development costs	Patent rights and non-patented technologies	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022				
Cost	44,298	61,175	282,426	387,899
Accumulated amortisation	(16,435)	–	(142,289)	(158,724)
Net carrying amount	<u>27,863</u>	<u>61,175</u>	<u>140,137</u>	<u>229,175</u>
Year ended 31 December 2022				
Opening net carrying amount	27,863	61,175	140,137	229,175
Additions	20,559	107,811	–	128,370
Transfer	–	(63,518)	63,518	–
Amortisation	(9,930)	–	(55,712)	(65,642)
Closing net carrying amount	<u>38,492</u>	<u>105,468</u>	<u>147,943</u>	<u>291,903</u>
As at 31 December 2022 and 1 January 2023				
Cost	58,832	105,468	345,944	510,244
Accumulated amortisation	(20,340)	–	(198,001)	(218,341)
Net carrying amount	<u>38,492</u>	<u>105,468</u>	<u>147,943</u>	<u>291,903</u>
Year ended 31 December 2023				
Opening net carrying amount	38,492	105,468	147,943	291,903
Additions	46,119	138,981	60	185,160
Transfer	–	(143,421)	143,421	–
Amortisation	(16,247)	–	(57,030)	(73,277)
Closing net carrying amount	<u>68,364</u>	<u>101,028</u>	<u>234,394</u>	<u>403,786</u>

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	Software	Deferred development costs	Patent rights and non-patented technologies	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023 and 1 January 2024				
Cost	104,952	101,028	489,425	695,405
Accumulated amortisation	(36,588)	–	(255,031)	(291,619)
Net carrying amount	<u>68,364</u>	<u>101,028</u>	<u>234,394</u>	<u>403,786</u>
Year ended 31 December 2024				
Opening net carrying amount	68,364	101,028	234,394	403,786
Additions	65,509	117,263	–	182,772
Disposals	(2,531)	–	–	(2,531)
Transfer	–	(100,718)	100,718	–
Amortisation	(25,752)	–	(73,570)	(99,322)
Closing net carrying amount	<u>105,590</u>	<u>117,573</u>	<u>261,542</u>	<u>484,705</u>

The average remaining amortisation period of software for the Track Record Period are 2.91 years, 2.54 years and 1.92 years respectively.

The average remaining amortisation period of patent rights and non-patented technologies for the Track Record Period are 2.63 years, 2.79 years and 2.95 years respectively.

Impairment testing of the capitalised deferred development costs not yet available for use

Deferred development costs are mainly internal development costs capitalised for power batteries and ESS batteries, and not yet available for use therefore subject to mandatory impairment testing on an annual basis until the completion or abandonment of the related research and development efforts.

The Company

	Software	Deferred development costs	Patent rights and non-patented technologies	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022				
Cost	26,423	39,148	154,969	220,540
Accumulated amortisation	(11,468)	–	(77,171)	(88,639)
Net carrying amount	<u>14,955</u>	<u>39,148</u>	<u>77,798</u>	<u>131,901</u>
Year ended 31 December 2022				
Opening net carrying amount	14,955	39,148	77,798	131,901
Additions	23,811	32,075	–	55,886
Transfer	–	(21,081)	21,081	–
Disposals	(12,371)	–	–	(12,371)
Amortisation	(4,371)	–	(26,488)	(30,859)
Closing net carrying amount	<u>22,024</u>	<u>50,142</u>	<u>72,391</u>	<u>144,557</u>
As at 31 December 2022 and 1 January 2023				
Cost	34,683	50,142	176,050	260,875
Accumulated amortisation	(12,659)	–	(103,659)	(116,318)
Net carrying amount	<u>22,024</u>	<u>50,142</u>	<u>72,391</u>	<u>144,557</u>

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	Software	Deferred development costs	Patent rights and non-patented technologies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2023				
Opening net carrying amount	22,024	50,142	72,391	144,557
Additions	9,310	62,480	60	71,850
Transfer	–	(60,795)	60,795	–
Disposals	(6)	–	–	(6)
Amortisation	(7,423)	–	(29,979)	(37,402)
Closing net carrying amount	<u>23,905</u>	<u>51,827</u>	<u>103,267</u>	<u>178,999</u>
As at 1 January 2024				
Cost	43,988	51,827	236,905	332,720
Accumulated amortisation	(20,083)	–	(133,638)	(153,721)
Net carrying amount	<u>23,905</u>	<u>51,827</u>	<u>103,267</u>	<u>178,999</u>
Year ended 31 December 2024				
Opening net carrying amount	23,905	51,827	103,267	178,999
Additions	19,660	60,855	47	80,562
Transfer	–	(54,821)	54,821	–
Disposals	(795)	–	(44)	(839)
Amortisation	(10,157)	–	(37,738)	(47,895)
Closing net carrying amount	<u>32,613</u>	<u>57,861</u>	<u>120,353</u>	<u>210,827</u>

18. GOODWILL

RMB'000

Cost as at 1 January 2022, net of accumulated impairment	65,799
Accumulated impairment.	–
Net carrying amount as at 31 December 2022 and 1 January 2023	65,799
Accumulated impairment.	–
Net carrying amount as at 31 December 2023 and 1 January 2024	65,799
Accumulated impairment.	–
Net carrying amount as at 31 December 2024.	<u>65,799</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units as below for impairment testing:

- Wuhan Fanso Technology Co., Ltd. (武漢孚安特科技有限公司) cash-generating unit

The recoverable amount of RMB236,177,000, RMB244,647,000 and RMB282,010,000 as at 31 December 2022, 2023 and 2024 has been determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. The revenue growth rate used to extrapolate the cash flows beyond the five-year period is 0%.

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Assumptions were used in the value in use calculation of the cash-generating units for 31 December 2022, 2023 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compounded revenue growth rate – The compound revenue growth rate is for the five-year period and is estimated based on the historical sales data and market outlook perceived by management.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. The discount rates (pre-tax) applied were 14.6%, 14.1% and 13.1% for the year ended 31 December 2022, 2023 and 2024, respectively.

Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the cash-generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the cash-generating units to materially exceed the recoverable amount.

19. INVESTMENT IN A JOINT VENTURE

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net assets	79,862	107,400	157,842

The following table illustrates the financial information of the Group’s joint venture that is accounted for in the Historical Financial Information of the Group using the equity method:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the joint venture’s profit for the year . .	33,345	27,538	50,442

Investment in a joint venture of the Group is the investment in EVE Energy North America corporation.

20. INVESTMENT IN ASSOCIATES

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Investment in associates	11,424,649	14,303,252	14,708,820

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(a) Particulars of the Group’s material associate are as follows:

Name	Registered Capital	Place of registration and business	Percentage of ownership interest attributable to the Group as at 31 December			Principal activities
			2022	2023	2024	
	(RMB’000)					
Smoore International Holdings Limited (思摩爾國際控股有限公司)	431,299	Cayman Islands	31.28%	30.98%	30.77%	Research, design and manufacturing of closed system electronic vaping products

The associate has been accounted for using the equity method in this Historical Financial Information.

The following table illustrates the summarised financial information of Smoore International Holdings Limited:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Current assets	19,198,773	19,570,752	16,846,428
Non-current assets	5,160,544	5,937,532	10,807,950
Current liabilities	3,588,957	3,566,333	5,259,365
Non-current liabilities	393,152	532,342	490,302
Non-controlling interest	—	—	7,623
Net assets, excluding goodwill	20,377,208	21,409,609	21,897,088
Proportion of the Group’s interest in the associate:	31.28%	30.98%	30.77%
Group’s share of net assets of the associate, excluding goodwill	6,373,991	6,632,697	6,737,734
Goodwill on acquisition	410,750	410,750	410,750
Carrying amount of the investment	6,784,741	7,043,447	7,148,484
	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Revenue	12,144,980	11,203,250	11,798,662
Profit for the year	2,510,316	1,645,090	1,303,255
Other comprehensive income/(loss)	(15,382)	(78,620)	113,658
Total comprehensive income for the year	2,494,934	1,566,470	1,416,913
Dividend declared	449,843	220,875	173,199

(b) The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Share of the associates’ results for the year, net	551,712	126,948	58,360
Share of the associates’ other comprehensive income/(loss)	—	(12)	12
Share of the associates’ total comprehensive income for the year	<u>551,712</u>	<u>126,936</u>	<u>58,372</u>

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	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group’s investment in the associates	4,639,908	7,259,805	7,560,336

(c) As at 31 December 2022, 2023 and 2024, the shares of Smoore International Holdings Limited with carrying values of RMB2,246,376,000, RMB1,335,624,000 and RMB228,981,000, respectively, were pledged for borrowings and Exchangeable Bond of the Group. Details are set out in note 32(a) and (c).

The Company

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the associates’ results for the year, net	459,750	(163,538)	(87,655)
Share of the associates’ other comprehensive income/(loss)	—	(12)	12
Share of the associates’ total comprehensive income/(loss) for the year.	459,750	(163,550)	(87,643)

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Company’s investment in the associate	2,514,398	3,256,400	3,159,262

21. INVENTORIES

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	3,169,430	879,909	801,065
Work in progress	3,469,713	3,600,367	2,568,862
Finished goods	2,005,790	2,257,327	2,029,679
Goods in transit	177,182	129,954	238,635
Provision for inventory.	(234,134)	(551,550)	(386,799)
Net carrying amount	8,587,981	6,316,007	5,251,442

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The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	322,214	113,844	128,364
Work in progress	315,336	258,302	249,139
Finished goods	848,891	634,358	487,726
Goods in transit	29,110	22,045	21,338
Provision for inventory	(21,346)	(24,178)	(27,619)
Net carrying amount	<u>1,494,205</u>	<u>1,004,371</u>	<u>858,948</u>

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Certificate of deposits	—	—	466,554
Prepayments for property, plant and equipment . .	6,491,653	1,995,529	2,376,058
Loans to an associate (<i>note a, b</i>)	1,585,403	1,689,306	1,505,172
Prepaid investment cost	200,000	3,000	—
Others	1,972	1,243	—
	<u>8,279,028</u>	<u>3,689,078</u>	<u>4,347,784</u>

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Certificate of deposits	—	—	132,858
Prepayments	2,040,290	233,047	519,687
Loans to an associate (<i>note a, b, c</i>)	796,110	3,950	215,652
Other tax receivables (<i>note d</i>)	803,656	1,027,620	745,454
Deposits	74,071	95,930	103,043
Other receivables	69,523	46,984	40,318
Prepaid corporate income tax	572	23,010	1
Impairment losses	(3,391)	(5,042)	(4,563)
	<u>3,780,831</u>	<u>1,425,499</u>	<u>1,752,450</u>
	<u>12,059,859</u>	<u>5,114,577</u>	<u>6,100,234</u>

Notes:

- (a) During August to December 2021, the Group advanced loans to an associate PT. Huafei Nickel Cobalt of principal amounts totaling US\$214.2 million with term of 7 years, interest bearing at 5% p.a. and secured by 83% equity shares pledge from the then other shareholders of the associate (“**First Loan**”). In December 2022, the aforesaid equity shares pledge was released and replaced by a joint and several guarantee from Huayou (Hong Kong) Co., Limited (“**華友(香港)有限公司**”) (the “**Guarantor**”), such that the Group can elect to directly demand the Guarantor for full repayment of relevant loans and interests when the associate fail to comply with the repayment terms of the First Loan. As credit

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enhancement, Zhejiang Huayou Cobalt Co., Ltd. (浙江華友鈷業股份有限公司) and Huayou Holding Group Co., Ltd. (華友控股集團有限公司) (collectively, the “**Second Guarantors**”) have provided secondary guarantee with difference compensation agreements to make up all differences that the Guarantor cannot fulfil and in favour of the Group. In October 2024, a supplementary agreement of the First Loan stipulated the following principal repayment schedule.

	Last repayment date of principal of the First Loan	USD
1st repayment	24 December 2024	10,000,000
2nd repayment	31 August 2025	30,000,000
3rd repayment	31 August 2026	50,000,000
4th repayment	31 August 2027	124,200,000
Total		<u>214,200,000</u>

- (b) During 2022, the Group advanced further short-term loans to the associate PT. Huafei Nickel Cobalt, US\$110,000,000. The interest rate are 5% p.a.. All these short-term loans were repaid by the associate in 2023.
- (c) Loans to an associate and other receivables are classified as Stage 1 without any significant increase in credit risk since initial recognition. Their recoverability was assessed with reference to the credit status of the debtors and guarantors, and the expected credit loss as at the end of each of the Track Record Period was considered to be immaterial.
- (d) The amounts represent prepaid tax and surcharges levied.

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

	2022 RMB'000	2023 RMB'000	2024 RMB'000
As at 1 January			
At beginning of year	1,841	3,391	5,042
Impairment/(reversal of impairment) of prepayments, other receivables and other assets	1,550	1,651	(433)
Amount written off as uncollectible	—	—	(46)
As at 31 December	<u>3,391</u>	<u>5,042</u>	<u>4,563</u>

The Company

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000
Non-current			
Prepayments for property, plant and equipment . .	63,491	111,566	147,611
Prepaid investment cost	200,000	—	—
Others	21,535	24,262	21,409
	<u>285,026</u>	<u>135,828</u>	<u>169,020</u>
Current			
Prepayments	1,155,799	578,168	269,897
Prepayments to subsidiaries	838,262	6,351	553,834
Other tax receivable	102,654	52,310	103,822
Deposits	22,280	26,016	47,630
Other receivables	42,547	12,935	15,026
Other receivables from subsidiaries	6,968,112	1,566,810	2,468,701
Impairment losses	(847)	(1,121)	(2,001)
	<u>9,128,807</u>	<u>2,241,469</u>	<u>3,456,909</u>
	<u>9,413,833</u>	<u>2,377,297</u>	<u>3,625,929</u>

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

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
As at 1 January	846	847	1,121
Impairment of current portion of prepayments, other receivables and other assets	1	274	880
As at 31 December	<u>847</u>	<u>1,121</u>	<u>2,001</u>

23. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Investments, at cost	<u>5,637,327</u>	<u>14,063,343</u>	<u>15,174,334</u>

Particulars of the major subsidiaries as at the end of the Track Record Period are set out in note 1 to the Historical Financial Information.

24. FINANCIAL ASSETS AT FVTOCI

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Listed equity investments, at fair value (note a and b)	97,767	94,819	112,076
Unlisted equity investments, at fair value (note a and b)	<u>250,049</u>	<u>247,626</u>	<u>232,626</u>
	<u>347,816</u>	<u>342,445</u>	<u>344,702</u>
Current			
Bills receivables measured at FVTOCI (note c)	<u>1,117,567</u>	<u>968,383</u>	<u>1,050,583</u>
Total	<u>1,465,383</u>	<u>1,310,828</u>	<u>1,395,285</u>

Notes:

- (a) Financial assets at FVTOCI comprise listed and unlisted equity investments which are not held for trading.
- (b) The equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.
- (c) Certain bills held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the maturity date were classified as “trade and bills receivables measured at FVTOCI” under financial assets at FVTOCI in the consolidated statements of financial position. As at the end of each reporting period, all the bills are with a maturity period of less than 12 months. The Group consider the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

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- (d) As at 31 December 2022 and 2023, bills receivables measured at FVTOCI with carrying values of RMB398,843,000 and RMB48,824,000 to secure the issuance of bank acceptance notes, included in the trade and bills payables, to suppliers.

The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Listed equity investments, at fair value	97,767	94,819	112,076
Unlisted equity investments, at fair value	185,049	180,526	180,526
	<u>282,816</u>	<u>275,345</u>	<u>292,602</u>
Current			
Bills receivables measured at FVTOCI	404,623	307,477	289,769
Total	<u>687,439</u>	<u>582,822</u>	<u>582,371</u>

25. DEFERRED TAX

(a) Deferred tax assets

	Impairment of financial assets and provision of inventories	Non-deductible equity-settled share-based payments expense	Tax losses	Deferred income	Fair value change of financial assets at FVTOCI	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	95,403	11,914	267,969	43,580	—	25,348	444,214
Credited to profit or loss	47,742	90,104	297,768	25,151	—	42,031	502,796
Credited/(charged) to other comprehensive income	—	—	—	—	2,053	(9,250)	(7,197)
As at 31 December 2022 and 1 January 2023	<u>143,145</u>	<u>102,018</u>	<u>565,737</u>	<u>68,731</u>	<u>2,053</u>	<u>58,129</u>	<u>939,813</u>
Credited/(charged) to profit or loss	57,778	25,433	146,864	7,061	—	(6,945)	230,146
Credited/(charged) to other comprehensive income	—	—	—	—	456	(2,135)	(1,679)
As at 31 December 2023 and 1 January 2024	<u>200,923</u>	<u>127,451</u>	<u>712,601</u>	<u>75,747</u>	<u>2,509</u>	<u>49,049</u>	<u>1,168,280</u>
Credited/(charged) to profit or loss	17,243	(51,195)	228,954	34,432	—	17,466	246,900
Credited to other comprehensive income	—	—	—	—	709	1,464	2,173
At at 31 December 2024	<u>218,166</u>	<u>76,256</u>	<u>941,555</u>	<u>110,179</u>	<u>3,218</u>	<u>67,979</u>	<u>1,417,353</u>

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(b) Deferred tax liabilities

	Appreciation of assets acquired in business combinations	Accelerated depreciation	Fair value change of financial assets at FVTOCI	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	792	317,307	10,413	2,063	330,575
Charged/(credited) to profit or loss	(752)	148,596	–	(2,010)	145,834
Credited to other comprehensive income.	–	–	(10,247)	–	(10,247)
As at 31 December 2022 and 1 January 2023	40	465,903	166	53	466,162
Charged/(credited) to profit or loss.	(8)	139,294	–	1,839	141,125
Credited to other comprehensive income.	–	–	(105)	–	(105)
As at 31 December 2023 and 1 January 2024	32	605,197	61	1,892	607,182
Charged/(credited) to profit or loss.	(9)	243,883	–	(920)	242,954
Charged to other comprehensive income.	–	–	155	–	155
As at 31 December 2024	23	849,080	216	972	850,291

Deferred tax assets have not been recognised in respect of the following items:

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Tax losses not recognised	282,783	56,458	90,688
Unrecognised temporary differences during the year.	128,980	125,654	122,268
Total	411,763	182,112	212,956

The Group has unrecognised tax losses of RMB282,783,000, RMB56,458,000 and RMB90,688,000 as at 31 December 2022, 2023 and 2024, respectively, available for offset against future profits. Included in unrecognised tax losses are losses of RMB271,684,000, RMB27,563,000 and RMB26,676,000, respectively, can be carried forward indefinitely.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

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26. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	10,089,973	13,176,523	14,061,531
Bills receivables	1,433,305	1,777,866	3,041,270
Impairment of trade and bills receivables	(682,183)	(758,989)	(1,021,354)
Total	<u>10,841,095</u>	<u>14,195,400</u>	<u>16,081,447</u>

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that the Group’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Trade receivables from a subsidiary	–	–	146,085
Current			
Trade receivables	1,651,906	1,783,634	2,534,433
Trade receivables from subsidiaries	607,869	588,142	1,327,854
Bills receivables	266,032	330,492	396,434
Bills receivables from subsidiaries	30,000	–	–
Impairment of trade and bills receivables	(241,618)	(143,755)	(200,611)
Total	<u>2,314,189</u>	<u>2,558,513</u>	<u>4,204,195</u>

Note: As at 31 December 2022 and 2023, the Company pledged bills receivables with carrying amount of RMB164,016,000 and RMB21,420,000 to secure the issuance of bank acceptance bills to suppliers.

The Group

An ageing analysis of the trade receivables of the Group as at the end of each of the Track Record Period (based on the invoice date and net of provisions) is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 6 months	9,248,059	11,935,688	12,322,967
6 to 12 months	118,645	428,195	389,407
1 to 2 years	17,682	61,516	366,869
2 to 3 years	15,555	2,135	19,330
Over 3 years	10,865	–	–
Total	<u>9,410,806</u>	<u>12,427,534</u>	<u>13,098,573</u>

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The Company

An ageing analysis of the trade receivables of the Company as at the end of each of the Track Record Period (based on the invoice date and net of provisions) is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 6 months	1,849,702	2,162,711	3,561,119
6 to 12 months	76,435	25,818	71,683
1 to 2 years	26,395	38,951	17,345
2 to 3 years	21,103	542	12,649
Over 3 years	46,246	—	—
Total	<u>2,019,881</u>	<u>2,228,022</u>	<u>3,662,796</u>

The Group

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

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
As at 1 January	499,845	682,183	758,989
Impairment for the year, net.	196,217	177,051	268,715
Amount written off as uncollectible	(13,879)	(100,245)	(6,350)
As at 31 December	<u>682,183</u>	<u>758,989</u>	<u>1,021,354</u>

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

The Company

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

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
As at 1 January	325,510	241,618	143,755
Impairment for the year, net.	(83,892)	(97,863)	56,856
As at 31 December	<u>241,618</u>	<u>143,755</u>	<u>200,611</u>

Transferred financial assets that are derecognised in their entirety

The Group endorsed certain bills receivable accepted by banks in Mainland China (the “Derecognised Bills”) with a carrying amount in aggregate of RMB1,090,494,000, RMB1,460,542,000 and RMB2,241,996,000 at 31 December 2022, 2023 and 2024. The Derecognised Bills had a maturity within six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure

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to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

27. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024
	RMB'000	RMB'000	RMB'000
Wealth management products and structured deposits	3,360,354	3,152,616	4,527,842

Note: As at 31 December 2024, wealth management products and structured deposits with carrying values of RMB253,842,000 was pledged for pledged borrowings.

The Company

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024
	RMB'000	RMB'000	RMB'000
Wealth management products and structured deposits	3,150,000	1,541,026	1,820,000

28. BANK BALANCES, DEPOSITS AND CASH

The Group

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	7,208,889	9,903,081	8,511,579
Restricted cash (<i>Note</i>)	1,769,816	603,128	553,280
	8,978,705	10,506,209	9,064,859
Denominated in:			
RMB	7,540,684	8,906,695	7,839,305
USD	1,287,181	1,510,953	827,727
Others	150,840	88,561	397,827
	8,978,705	10,506,209	9,064,859

Note: Restricted cash include guarantee deposits for letter of bank acceptance notes.

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The RMB is not freely convertible into other currencies, however, under the PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	4,019,055	3,604,051	1,686,640
Restricted cash	353,556	176,469	247,089
	<u>4,372,611</u>	<u>3,780,520</u>	<u>1,933,729</u>
Denominated in:			
RMB	4,102,643	3,333,966	1,827,582
USD	259,777	446,368	103,240
Others	10,191	186	2,907
	<u>4,372,611</u>	<u>3,780,520</u>	<u>1,933,729</u>

29. TRADE AND BILLS PAYABLES

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables			
– that are not part of supplier finance arrangement (“SFA”)	9,577,872	11,077,219	10,631,752
– that are part of SFA	216,514	4,674,123	8,182,174
	<u>9,794,386</u>	<u>15,751,342</u>	<u>18,813,926</u>
Bills payables	11,767,589	7,402,777	5,586,324
Total	<u>21,561,975</u>	<u>23,154,119</u>	<u>24,400,250</u>

The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables (including SFA)	1,545,905	2,872,319	3,689,265
Bills payables	4,271,191	2,089,545	1,794,148
Total	<u>5,817,096</u>	<u>4,961,864</u>	<u>5,483,413</u>

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The Group

An ageing analysis of the trade payables as at the end of each of the Track Record Period, based on the invoice date, is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	9,770,273	15,636,441	18,756,825
1 to 2 years.	18,507	94,119	33,148
2 to 3 years.	1,196	17,620	22,868
Over 3 years	4,410	3,162	1,085
	<u>9,794,386</u>	<u>15,751,342</u>	<u>18,813,926</u>

As at 31 December 2022, 2023 and 2024, the carrying amounts of trade and bills payables approximated to their fair values.

Supplier Finance Arrangement (“SFA”)

The Group introduces third party supply chain information service platforms to provide services to its suppliers holding the Group’s electronic debt certificates. The Group’s payment obligations under the electronic debt certificates are unconditional and irrevocable, and unaffected by any commercial disputes between the parties involved in the transfer of the electronic debt certificates. The Group shall not claim set-off or raise any defense against the payment obligations. According to the business rules, the Group shall transfer the amounts stated in the electronic debt certificates on the payment date. The electronic debt certificates are transferable.

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount of financial liabilities that are part of SFA			
Presented as part of:			
– Trade payables.	216,514	4,674,123	8,182,174
Payments have been received by the suppliers from the finance provider:			
– Trade payables.	<u>112,617</u>	<u>2,056,529</u>	<u>5,372,064</u>

The range of payment due dates for the liabilities presented as trade payables that are part of SFA and those comparable trade payables that are not part of SFA had no significant changes. The payment days are generally within 120 days.

The Company

An ageing analysis of the trade payables as at the end of each of the Track Record Period, based on the invoice date, is as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	1,540,030	2,763,823	3,594,616
1 to 2 years.	390	103,884	3,256
2 to 3 years.	3,987	389	86,798
Over 3 years	1,498	4,223	4,595
	<u>1,545,905</u>	<u>2,872,319</u>	<u>3,689,265</u>

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30. CONTRACT ASSETS/CONTRACT LIABILITIES

(a) Contract assets

Contract assets primarily arise from the sales of battery products. The Group provides customers to retain a certain percentage of the contract value in warranty period. This amount is included in contract assets as the Group’s entitlement to this final payment is conditional on the Group’s satisfactory work until the end of warranty period.

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Battery products	190,560	222,323	256,056

The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Battery products	13,611	16,760	16,488

(b) Contract liabilities

Contract liabilities include advances received from customers for providing products including consumer batteries, power batteries and ESS batteries. Most of contract liabilities at the beginning of each reporting period were recognised as revenue during the Track Record Period.

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current	953,688	340,177	323,223
Non-current	13,283	57,219	43,908
	966,971	397,396	367,131

The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current	330,657	78,576	46,532
Non-current	6,669	45,892	25,782
	337,326	124,468	72,314

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31. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Government grants (<i>note a</i>)	645,997	908,264	996,868
Others	93,014	75,329	26,517
	<u>739,011</u>	<u>983,593</u>	<u>1,023,385</u>
Current			
Payable for property, plant and equipment	4,746,373	8,236,024	6,698,476
Employee benefits payable	604,799	673,065	662,871
Deposits received	55,435	6,506	17,004
Other tax liabilities	36,306	46,032	93,949
Others	99,961	46,559	50,619
	<u>5,542,874</u>	<u>9,008,186</u>	<u>7,522,919</u>
Total	<u>6,281,885</u>	<u>9,991,779</u>	<u>8,546,304</u>

Note:

- (a) It mainly represents the receipt of government grants for constructions of certain equipment, which has been recognised as a non-current liability on the consolidated statement of financial position. Such deferred income is amortised on the straight-line basis to profit or loss over the expected useful lives of the relevant assets acquired.

The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Government grants (<i>note a</i>)	202,834	197,731	167,000
Others	55,978	43,774	1,768
	<u>258,812</u>	<u>241,505</u>	<u>168,768</u>
Current			
Payable for property, plant and equipment	483,951	338,855	588,855
Employee benefits payable	180,078	198,925	222,053
Deposits received	1,529	1,927	1,436
Other tax liabilities	13,244	10,329	7,823
Others	23,444	15,008	22,543
	<u>702,246</u>	<u>565,044</u>	<u>842,710</u>
Total	<u>961,058</u>	<u>806,549</u>	<u>1,011,478</u>

Note:

- (a) It mainly represents the receipt of government grants for constructions of certain equipment, which has been recognised as a non-current liability on the consolidated statement of financial position. Such deferred income is amortised on the straight-line basis to profit or loss over the expected useful lives of the relevant assets acquired.

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32. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Pledged borrowings (<i>note a</i>)	1,632,381	1,292,888	1,131,605
Guaranteed borrowings (<i>note b</i>)	8,178,165	9,369,172	12,733,062
Credit borrowings	4,831,045	3,680,875	3,749,177
Exchangeable Bond (<i>note c</i>).	2,408,082	2,456,853	–
Medium-term note (<i>note d</i>)	–	–	499,660
	<u>17,049,673</u>	<u>16,799,788</u>	<u>18,113,504</u>
Current			
Pledged borrowings (<i>note a</i>)	744,995	1,061,577	771,132
Guaranteed borrowings (<i>note b</i>)	1,848,711	2,114,012	4,078,049
Credit borrowings	1,365,971	1,960,986	2,477,932
Medium-term note (<i>note d</i>)	–	–	9,086
	<u>3,959,677</u>	<u>5,136,575</u>	<u>7,336,199</u>
Total	<u>21,009,350</u>	<u>21,936,363</u>	<u>25,449,703</u>

As at 31 December 2022, 2023 and 2024, the borrowings bear effective interest rates from 0.75% to 6%, 0.75% to 6% and 0.75% to 6% per annum respectively.

Notes:

- (a) Pledged borrowings were mainly secured by the shares of Smoore International Holdings Limited, the shares of a subsidiary and certain property, plant and equipment for the year ended 31 December 2022 and 2023, respectively and by financial assets at FVTPL, the shares of a subsidiary and certain property, plant and equipment for the year ended 31 December 2024.
- (b) The amounts were guaranteed by the Company and certain subsidiaries.
- (c) On 22 November 2021, EVE Battery Investment Ltd. (“Bond Issuer”) issued a secured guaranteed exchangeable bond (the “Exchangeable Bond”) at a principal amount of US\$350,000,000. It bears interest payable semi-annually in arrears on 22 May and 22 November each year, commencing 22 May 2022 and has a maturity date on 22 November 2026 (the “Maturity Date”). It is unconditionally and irrevocably guaranteed by the Company. The holder of the Exchangeable Bond (the “Bondholder”) has right to exchange all the outstanding principal amount of the Exchangeable Bond for a pro rata share of a fixed pool of Smoore International Holdings Limited shares (“SIHL Shares”), at any time following the 40 days from the date of issue of the Exchangeable Bond (the “Issue Date”) up to and including 10 business days prior to the Maturity Date (the “Exchange Right”). Instead of delivering SIHL Shares, Bond Issuer can elect to settle in cash for the value of the SIHL Shares. The Exchangeable Bond was early redeemed in full during the year ended 31 December 2024.
- (d) On 17 April 2024, the Company issued 3-year medium-term note with total value of RMB500,000,000. The coupon rate is 2.80% per annum. Total proceeds received net of issuance costs, amounted to RMB499,250,000. The medium-term note will be fully repaid on 17 April 2027.

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The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Pledged borrowings	180,407	956,426	750,000
Guaranteed borrowings	—	—	302,087
Credit borrowings	4,746,045	3,621,700	3,719,177
Medium-term note	—	—	499,660
	<u>4,926,452</u>	<u>4,578,126</u>	<u>5,270,924</u>
Current			
Pledged borrowings	182,016	279,532	207,877
Guaranteed borrowings	94,122	—	41,461
Credit borrowings	1,365,683	1,960,783	2,447,728
Medium-term note	—	—	9,086
	<u>1,641,821</u>	<u>2,240,315</u>	<u>2,706,152</u>
Total	<u><u>6,568,273</u></u>	<u><u>6,818,441</u></u>	<u><u>7,977,076</u></u>

During the Track Record Period, the Group did not violate any financial covenants under the borrowing agreements. The Group’s and the Company’s borrowings were repayable as follows:

The Group

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed as:			
Bank borrowings			
– Within 1 year	3,398,411	4,602,580	7,030,552
– Over 1 year but within 2 years	4,657,128	5,570,495	5,829,336
– Over 2 years but within 5 years	7,789,830	7,206,659	10,659,134
– Over 5 years	<u>1,390,267</u>	<u>1,223,640</u>	<u>1,080,289</u>
	17,235,636	18,603,374	24,599,311
Other borrowings			
– Within 1 year	561,266	533,995	305,647
– Over 1 year but within 2 years	567,323	2,798,994	54,171
– Over 2 years but within 5 years	<u>2,645,125</u>	<u>—</u>	<u>490,574</u>
	3,773,714	3,332,989	850,392
Total	<u><u>21,009,350</u></u>	<u><u>21,936,363</u></u>	<u><u>25,449,703</u></u>

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The Company

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed as:			
Bank borrowings			
– Within 1 year	1,503,551	2,100,763	2,656,613
– Over 1 year but within 2 years	2,420,579	2,549,320	1,885,315
– Over 2 years but within 5 years.	2,325,466	1,738,222	2,553,561
– Over 5 years	–	250,000	332,388
	6,249,596	6,638,305	7,427,877
Other borrowings			
– Within 1 year	138,270	139,552	49,539
– Over 1 year but within 2 years	139,941	40,584	9,086
– Over 2 years but within 5 years.	40,466	–	490,574
	318,677	180,136	549,199
Total	6,568,273	6,818,441	7,977,076

33. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

Derivatives under cash flow hedges:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities			
– Currency forward contracts	–	–	29,094
– Commodity futures	–	705	2,685
Total	–	705	31,779

The Company

Derivatives under cash flow hedges:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities			
– Currency forward contracts	–	–	9,230
– Commodity futures	–	705	2,685
Total	–	705	11,915

Starting from the financial year ended 31 December 2023, the Group hedges the expected procurement of key raw materials using commodity futures, specifically lithium carbonate and copper, to mitigate the impact of market price fluctuations on raw material purchases. By using currency forward contracts, the Group locks in expected payment/receipt exchange rates to hedge against currency fluctuations.

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34. SHARE CAPITAL AND TREASURY SHARES

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share capital	2,041,759	2,045,721	2,045,721
Treasury shares	249,890	323,403	364,953

The changes in share capital are as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
At the beginning of the year	1,898,272	2,041,759	2,045,721
Shares issued under restricted share incentive plans (<i>note a</i>)	516	3,962	–
Private placement (<i>note b</i>)	142,971	–	–
At the end of the year	2,041,759	2,045,721	2,045,721
Number of ordinary shares (in thousands)	2,041,759	2,045,721	2,045,721

The changes in treasury shares are as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of the year	–	249,890	323,403
Shares issued under restricted share incentive plans (<i>note a</i>)	–	(76,517)	(19,946)
Repurchase of shares (<i>note c</i>)	249,890	150,030	61,496
At the end of the year	249,890	323,403	364,953
Number of ordinary shares (in thousands)	2,941	4,958	5,994

Notes:

- (a) During the year ended 31 December 2022, total of 516,247 share options were exercised and contribution of RMB3,929,000 was received by the Company from the participants, the Company recognised share capital of RMB516,000 and capital reserve of RMB3,413,000.

During the year ended 31 December 2023, total of 3,962,219 restricted shares were vested and listed for circulation. Therefore, contribution of RMB300,495,000 was received by the Company from the participants, the Company recognised share capital of RMB3,962,000 and capital reserve of RMB296,533,000. Treasury shares of 1,173,000 transferred to the grantees under share incentive plan with a reduction of treasury stock of RMB76,517,000 and a decrease of capital reserve of RMB23,697,000.

During the year ended 31 December 2024, total of 336,775 restricted shares were vested and listed for circulation. Therefore, contribution of RMB25,319,000 was received by the Company from the participants, treasury shares of 336,775 transferred to the grantees under share incentive plan with a reduction of treasury stock of RMB19,946,000 and capital reserve of RMB5,373,000 was recognised.

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- (b) On 24 November 2022, as approved by China Securities Regulatory Commission (“CSRC”), the Company issued a total of 142,970,611 A shares to 3 specific objects and was listed on the ChiNext Market of the Shenzhen Stock Exchange, and raised funding of RMB9,000,000,000 through the issuance. Netting off the transaction cost of RMB26,403,000, the Company received a total of RMB8,973,597,000. Per the private placement, the Group recognised share capital of RMB142,971,000 and capital reserve of RMB8,830,626,000, net of taxation.
- (c) For the year ended 31 December 2022, a total of 2,941,200 A shares have been repurchased, and treasury stocks amounting to RMB249,890,000 excluding transaction cost, therefore were recognised. The shares were repurchased with an average price of RMB84.94 per share.

For the year ended 31 December 2023, a total of 3,189,561 A shares have been repurchased, and treasury stocks amounting to RMB150,030,000, excluding transaction cost, therefore were recognised. The shares were repurchased with an average price of RMB47.03 per share.

For the year ended 31 December 2024, a total of 1,373,400 A shares have been repurchased, and treasury stocks amounting to RMB61,496,000, excluding transaction cost, therefore were recognised. The shares were repurchased with an average price of RMB44.77 per share.

35. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity.

The Company

	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	—	4,329,810	(62,655)	333,555	2,526,956	7,127,666
Profit for the year	—	—	—	—	914,916	914,916
Other comprehensive income for the year	—	—	(17,287)	—	—	(17,287)
Total comprehensive income for the year	—	—	(17,287)	—	914,916	897,629
Dividends declared and paid (<i>note 13</i>)	—	—	—	—	(303,505)	(303,505)
Appropriation of statutory reserve	—	—	—	91,492	(91,492)	—
Capital injection	—	8,834,039	—	—	—	8,834,039
Repurchase of ordinary shares	(249,890)	—	—	—	—	(249,890)
Equity-settled share-based payments (<i>note 36</i>)	—	624,795	—	—	—	624,795
Others	—	—	(50,752)	5,075	45,677	—
As at 31 December 2022. .	(249,890)	13,788,644	(130,694)	430,122	3,092,552	16,930,734

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	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	(249,890)	13,788,644	(130,694)	430,122	3,092,552	16,930,734
Profit for the year	–	–	–	–	250,191	250,191
Other comprehensive income for the year	–	–	(3,877)	–	–	(3,877)
Total comprehensive income for the year	–	–	(3,877)	–	250,191	246,314
Dividend declared and paid (<i>note 13</i>)	–	–	–	–	(326,845)	(326,845)
Appropriation of statutory reserve	–	–	–	25,019	(25,019)	–
Capital injection	–	272,836	–	–	–	272,836
Repurchase of ordinary shares	(150,030)	–	–	–	–	(150,030)
Equity-settled share-based payments (<i>note 36</i>)	76,517	456,910	–	–	–	533,427
Others	–	6,499	–	1,342	12,080	19,921
As at 31 December 2023. .	<u>(323,403)</u>	<u>14,524,889</u>	<u>(134,571)</u>	<u>456,483</u>	<u>3,002,959</u>	<u>17,526,357</u>

	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	<u>(323,403)</u>	<u>14,524,889</u>	<u>(134,571)</u>	<u>456,483</u>	<u>3,002,959</u>	<u>17,526,357</u>
Profit for the year	–	–	–	–	1,956,284	1,956,284
Other comprehensive income for the year	–	–	5,321	–	–	5,321
Total comprehensive income for the year	–	–	5,321	–	1,956,284	1,961,605
Dividend declared and paid (<i>note 13</i>)	–	–	–	–	(1,020,382)	(1,020,382)
Appropriation of statutory reserve	–	–	–	195,628	(195,628)	–
Capital injection	–	5,373	–	–	–	5,373
Repurchase of ordinary shares	(61,496)	–	–	–	–	(61,496)
Equity-settled share-based payments (<i>note 36</i>)	19,946	(76,365)	–	–	–	(56,419)
Others	–	308	–	–	–	308
As at 31 December 2024. .	<u>(364,953)</u>	<u>14,454,205</u>	<u>(129,250)</u>	<u>652,111</u>	<u>3,743,233</u>	<u>18,355,346</u>

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Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000
Percentage of equity interest held by non-controlling interests			
EVE Power Co., Ltd.	1.52%	1.25%	1.22%
	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000
Profit for the year allocated to non-controlling interests:			
EVE Power Co., Ltd.	214,795	470,166	145,775
Accumulated balances of non-controlling interests at the reporting date:			
EVE Power Co., Ltd.	2,819,662	3,271,642	3,415,794

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
Revenue	27,215,983	39,063,622	35,814,578
Profit for the year	1,265,858	3,252,376	2,794,524
Total comprehensive income for the year	1,265,858	3,252,376	2,784,523
Current assets	19,825,430	25,451,972	25,451,972
Non-current assets	27,220,607	33,177,834	33,177,834
Current liabilities	28,892,851	30,538,745	30,538,745
Non-current liabilities	10,232,730	10,945,596	10,945,596
Net cash flows generated from operating activities	6,221,967	5,788,486	3,946,351
Net cash flows used in investing activities	(12,875,257)	(4,105,306)	(4,089,237)
Net cash flows generated from financing activities	7,085,417	1,017,899	764,677

36. SHARE INCENTIVE PLAN

(a) Share Option Incentive Plan

Pursuant to the Employee Incentive Plan Phase 5 approved at the 26th session of the Board of the Company on 25 December 2023 and the 25th session of the Supervisory Board of the Company, the Company granted 7,250,000 share options to 44 incentive participants, including directors, senior and middle management and other key employees. The grant date was 25 December 2023, and the exercise price was RMB70.00 per share. The share options vest over two tranches, with 50% vesting at the end of each year following the grant date, contingent upon meeting both company performance targets (revenue) and individual performance evaluations. The vested share options from the first tranche will be exercisable after 18 months from the grant date, while the vested share options from the second tranche will be exercisable after 30 months from the grant date.

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The following share options were outstanding under the share option incentive plan during the years ended 31 December 2023 and 2024:

	Weighted average exercise price	Number of options
	<i>RMB per share</i>	
Options outstanding as at 1 January 2022, 31 December 2022 and 1 January 2023	—	—
Granted during the year	70.00	7,250,000
Options outstanding as at 31 December 2023 and 1 January 2024	70.00	7,250,000
Forfeited during the year.	70.00	(3,625,000)
Options outstanding as at 31 December 2024	70.00	3,625,000

The fair value at grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, expected volatility, the risk-free interest rate for the term of the option.

	Employee Incentive Plan Phase 5
Share price at date of grant	RMB39.85
Expected volatility (%)	18.57% and 22.16%
Risk-free interest rate (%)	1.50% and 2.10%
Expected life of options (year)	1.5 and 2.5 years
Expected dividend yield (%)	0.00%
Exercise price at date of grant	RMB70.00

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The expected life is the period of time over which the options granted are expected to remain outstanding.

(b) Type II Restricted Share Incentive Plans

Pursuant to the Employee Incentive Plan Phase 3 approved at the 41st session of the Board of directors and the 35th session of the Supervisory Board of the Company on 3 December 2021, the Company granted 17,575,800 restricted shares to 1,634 incentive participants, including directors, senior and middle management, core technical staff and other key employees. The grant date was 3 December 2021, and the subscription price was RMB76.00 per share. The restricted shares vest over four periods, with 25% vesting at the end of each year following the grant date, contingent upon meeting both company performance targets (revenue) and individual performance evaluations. The relevant grantees must maintain continuous employment throughout the vesting period. The plan has a term of 60 months, beginning from the grant date until all restricted shares are vested or invalidated.

Pursuant to the “Proposal on the Adjustment of the Subscription Price under the Employee Incentive Plan Phase 3,” approved at the 8th session of the Board of Directors and the 8th session of the Supervisory Board on 10 February 2023, and at the 42nd session of the Board of Directors and the 40th session of the Supervisory Board on 24 October 2024, the subscription price of the restricted shares under the plan was adjusted from RMB76.00 to RMB75.84 per share, and subsequently to RMB75.18 per share, as a result of dividend distribution of the Company.

Pursuant to the Employee Incentive Plan Phase 4 (Initial Grant) approved at the 10th session of the Board of directors and the 10th session of the Supervisory Board of the Company on 14 March 2023, the Company granted 29,663,700 restricted shares to 164 incentive participants, including directors, senior and middle management, and other key employees. The grant date was 14 March 2023, and the subscription price was RMB41.23 per share. The restricted shares vest over four periods, with 25% vesting at the end of each year following the grant date, contingent upon meeting both company performance targets (revenue) and individual performance evaluations. The relevant grantees must maintain continuous employment throughout the vesting period. The plan has a term of 60 months, beginning from the grant date until all restricted shares are vested or invalidated.

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Pursuant to the “Proposal on the Adjustment of the Subscription Price under the Employee Incentive Plan Phase 4” approved at the 20th session of the Board of directors and the 19th session of the Supervisory Board of the Company on 25 September 2023, the subscription price of the restricted shares under the plan was adjusted from RMB41.23 per share to RMB41.07 per share as a result of dividend distribution of the Company.

Pursuant to the Employee Incentive Plan Phase 4 (Reserved Grant) approved at the 20th session of the Board of directors and the 19th session of the Supervisory Board of the Company on 25 September 2023, the Company granted 5,000,000 restricted shares to 61 incentive participants, including directors, senior and middle management, and other key employees. The grant date was 25 September 2023, and the subscription price was RMB41.07 per share. The restricted shares vest over four periods, with 25% vesting at the end of each year following the grant date, contingent upon meeting both company performance targets (revenue) and individual performance evaluations. The relevant grantees must maintain continuous employment throughout the vesting period. The plan has a term of 60 months, beginning from the grant date until all restricted shares are vested or invalidated.

Pursuant to the Employee Incentive Plan Phase 6 approved at the 42nd session of the Board of directors and the 40th session of the Supervisory Board of the Company on 24 October 2024, the Company granted 70,650,000 restricted shares to 619 incentive participants, including directors, senior and middle management, and other key employees. The grant date was 24 October 2024, and the subscription price was RMB22.76 per share. The restricted shares vest over two periods, with 50% vesting at the end of each year following the grant date, contingent upon meeting both company performance targets (total annual shipment volume of power batteries and ESS batteries) and individual performance evaluations. The relevant grantees must maintain continuous employment throughout the vesting period. The Sixth Restricted Share Incentive Plan has a term of 36 months, beginning from the grant date until all restricted shares are vested or invalidated.

Set out below are details of the movements of the outstanding restricted shares granted throughout the Track Record Period.

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024
At the beginning of the year	17,568,900	16,503,255	37,389,916
Granted during the year	–	34,663,700	70,650,000
Forfeited during the year.	(1,065,645)	(9,814,820)	(16,270,462)
Vested during the year	–	(3,962,219)	(336,775)
At the end of the year	<u>16,503,255</u>	<u>37,389,916</u>	<u>91,432,679</u>

The fair value at grant date is independently determined using the Black Scholes Model that takes into account the subscription price, the term of the restricted shares, the share price at grant date, expected volatility, and the risk-free interest rate for the term of the restricted shares.

	Employee Incentive Plan Phase 3	Employee Incentive Plan Phase 4 (Initial Grant)	Employee Incentive Plan Phase 4 (Reserved Grant)	Employee Incentive Plan Phase 6
Share price at date of grant	RMB146.20	RMB65.80	RMB45.06	RMB44.90
Expected volatility (%)	22.44% – 26.90%	23.40% – 26.80%	17.78% – 25.88%	28.52% and 22.16%
Risk-free interest rate (%)	1.50% – 2.75%	1.50% – 2.75%	1.50% – 2.75%	1.50% and 2.10%
Expected life of restricted shares (year)	1 – 4 years	1 – 4 years	1 – 4 years	1.5 and 2.5 years
Expected dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Subscription price at date of grant . .	RMB76.00	RMB41.23	RMB41.07	RMB22.76

The expected price volatility is based on the historic volatility (based on the remaining life of the restricted shares), adjusted for any expected changes to future volatility due to publicly available information. The expected life is the period of time over which the restricted shares granted are expected to remain outstanding.

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(c) Equity-settled share-based payment expenses

During the years ended 31 December 2022, 2023 and 2024, equity-settled share-based payment expenses/(reversal) of RMB624,795,000, RMB456,910,000 and (RMB76,365,000) were charged/(credited) to profit or loss, respectively.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease liabilities	Bank and other borrowings	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	56,819	10,152,196	10,209,015
Changes from financing cash flows	(31,381)	10,487,827	10,456,446
Accretion of interest recognised during the year	(4,684)	(449,812)	(454,496)
Interest expense	4,684	543,519	548,203
Other non-cash movements	49,782	275,620	325,402
As at 31 December 2022.	<u>75,220</u>	<u>21,009,350</u>	<u>21,084,570</u>

	Lease liabilities	Bank and other borrowings	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	75,220	21,009,350	21,084,570
Changes from financing cash flows	(33,228)	965,407	932,179
Accretion of interest recognised during the year	(3,303)	(743,572)	(746,875)
Interest expense	3,303	788,062	791,365
Other non-cash movements	54,870	(82,884)	(28,014)
As at 31 December 2023.	<u>96,862</u>	<u>21,936,363</u>	<u>22,033,225</u>

	Lease liabilities	Bank and other borrowings	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2024	96,862	21,936,363	22,033,225
Changes from financing cash flows	(45,280)	3,233,014	3,187,734
Accretion of interest recognised during the year	(3,653)	(728,477)	(732,130)
Interest expense	3,653	773,056	776,709
Other non-cash movements	52,288	235,747	288,035
As at 31 December 2024.	<u>103,870</u>	<u>25,449,703</u>	<u>25,553,573</u>

(b) Total cash outflow for leases

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating activities.	4,961	83,467	49,698
Within financing activities.	<u>36,065</u>	<u>36,531</u>	<u>48,933</u>
	<u>41,026</u>	<u>119,998</u>	<u>98,631</u>

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38. RELATED PARTY TRANSACTIONS

(a) Name of related parties and relationship with the Group

Name	Relationship
EVE Energy North America Corporation	A joint venture of the Group
Smooore International Holdings Limited and its subsidiaries (思摩爾國際控股有限公司及其子公司).	Associates of the Group
SK On Jiangsu Co., Ltd. (SK新能源(江蘇)有限公司).	An associate of the Group
Qijing Defang Yiwei Co., Ltd. (曲靖市德枋億緯有限公司).	An associate of the Group
Changzhou BTR New Material Technology Co., Ltd. (常州市貝特瑞新材料科技有限公司)	An associate of the Group
PT Huafei Nickel Cobalt (華飛鎳鈷(印尼)有限公司).	An associate of the Group
Nanjing Zhongjiao Hangxin New Energy Technology Co., Ltd. (南京中交航信新能源科技有限公司).	An associate of the Group
Haodyne Technology Co., Ltd. (深圳好電科技有限公司).	An associate of the Group from June 2022
Jingmen Xinzhoubang New Materials Co., Ltd. (荊門新宙邦新材料有限公司)	An associate of the Group
North China Aluminium New Material Technology Co., Ltd. (華北鋁業新材料科技有限公司)	An associate of the Group
Amplify Cell Technologies LLC	An associate of the Group from May 2024
Huashi Chuanneng (Beijing) Technology Co., Ltd. (華石創能(北京)科技有限公司)	An associate of the Group from February 2024
Qinghai Jinwei New Material Technology Co., Ltd. (青海金緯新材料科技有限公司)	An associate of the Group
Qinghai Chaidamu Xinghua Lithium Salt Co., Ltd. (青海柴達木興華鋰鹽有限公司)	An associate of the Group
Suzhou Hanhe Intelligent Equipment Co., Ltd. (蘇州瀚和智能裝備有限公司).	An associate of the Group before January 2023
Jiangsu Zhongzhi Marine & Offshore Co., Ltd. (江蘇中智海洋工程裝備有限公司).	An associate of the Group
Jinkunlun Lithium Industry Co., Ltd (金崑崙鋰業有限公司).	An associate of the Group
Huizhou EVE New Energy Co., Ltd. (惠州億緯新能源有限公司).	A related company of the Group
EVE Hydrogen Energy Co., Ltd. (惠州億緯氫能有限公司)	A related company of the Group
Hubei Jinquan New Materials Co., Ltd. and its subsidiaries (湖北金泉新材料有限公司及其子公司).	Related companies of the Group
Shenzhen Moore Brother Marketing Co., Ltd. (深圳市摩爾兄弟營銷有限公司)	A related company of the Group
Guangdong Yiding Architectural Design Co., Ltd. (廣東億頂建築設計有限公司)	A related company of the Group
Guangdong Jinlong New Energy Automotive Sales Co., Ltd. (廣東金龍新能源汽車銷售有限公司)	A related company of the Group
Unionman Technology Co., Ltd. and its subsidiaries (廣東九聯科技股份有限公司及其子公司)	Related companies of Mr. Zhan Qijun

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- (b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Track Record Period:

	Year ended 31 December	Year ended 31 December	Year ended 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sale of goods or provision of services to:			
Associates	833,196	1,546,440	1,365,639
Joint venture	203,957	260,113	170,526
Related companies	215,159	156,240	219,947
Total	<u>1,252,312</u>	<u>1,962,793</u>	<u>1,756,112</u>
Interest income from:			
Associate	<u>102,952</u>	<u>85,196</u>	<u>77,412</u>
Purchase of goods or receipt of services from:			
Associates	1,907,648	7,114,053	5,122,154
Joint venture	9,082	8,933	6,323
Related companies	348,785	551,218	1,389,110
Total	<u>2,265,515</u>	<u>7,674,204</u>	<u>6,517,587</u>
Sale of equipment to:			
Related companies	<u>230</u>	<u>1,767</u>	<u>677</u>
Purchase of equipment from:			
Associates	1,666	–	–
Related companies	32,151	127,996	8,500
Total	<u>33,817</u>	<u>127,996</u>	<u>8,500</u>
Lease payments to:			
Associates	25	6	–
Related companies	15,232	13,601	13,505
Total	<u>15,257</u>	<u>13,607</u>	<u>13,505</u>
Rental income from:			
Related companies	<u>–</u>	<u>812</u>	<u>4,731</u>
Acquisition of a subsidiary:			
Related company	<u>–</u>	<u>–</u>	<u>174,776</u>
Further Acquisition of a subsidiary without change of control			
Ultimate controlling person	<u>6,200</u>	<u>–</u>	<u>–</u>

For the year ended 31 December 2022, borrowings from Dr. Liu Jincheng, amounting RMB1,179,990,000, bearing interest rate of 5.50% per annum was settled and borrowings from EVE Holdings Limited, amounting RMB1,460,000,000, bearing interest rate of 5.50% per annum were settled.

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(c) Outstanding balances with related parties

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Due from related companies			
Trade and bills receivables			
Associates	486,161	290,326	252,969
Joint venture	35,578	32,189	58,184
Related companies	–	27,720	36,899
Bills receivables (FVTOCI)			
Associates	68,109	932	30,695
Related companies	–	15,000	5,991
Prepayments, deposits and other assets			
Associates	2,556,661	1,738,793	1,778,478
Related companies	41,573	33,066	15,493
Due to related companies			
Trade and bills payables			
Associates	1,311,017	3,038,062	1,437,468
Related companies	82,162	143,989	140,149
Contract liabilities			
Associates	–	308	308
Joint venture	4,164	6,053	6,263
Related companies	–	–	2,637

39. COMMITMENTS

At the end of each reporting period, commitments contracted but not provided for in the Historical Financial Information were as follows:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for, net of deposits/investments paid			
– Property, plant and equipment	12,131,436	11,435,721	13,316,165
– Investments to be paid	3,511,450	5,339,981	–
	<u>15,642,886</u>	<u>16,775,702</u>	<u>13,316,165</u>

40. FINANCIAL GUARANTEES

The Group has executed guarantees with respect to its associate’s bank loans. Under the guarantees, the Group would be liable to pay the lender if the lender is unable to recover the loans. The Group has also provided its equity interest in the associate as security for the associate’s bank loans. At end of each reporting period, the guaranteed amount executed in respect of the loans of the associate represents the Group’s maximum exposure under the financial guarantee contracts. Management considers that the fair values of these financial guarantee contracts at their initial recognition and at the end of each reporting period are insignificant on the basis of low applicable default rates.

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Guarantee to an associate			
Guarantee amount executed by the Group	<u>–</u>	<u>1,428,000</u>	<u>1,428,000</u>

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41. CONTINGENT LIABILITIES

As at 31 December 2022, 2023 and 2024, the Group did not have any significant contingent liabilities.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Track Record Period were as follows:

As at 31 December 2022

Financial assets

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	10,841,095	10,841,095
Financial assets included in prepayments, other receivables and other assets	–	–	2,525,107	2,525,107
Equity investments at FVTOCI	–	347,816	–	347,816
Bills receivables measured at FVTOCI	–	1,117,567	–	1,117,567
Wealth management products and structured deposits	3,360,354	–	–	3,360,354
Bank balances, deposits and cash	–	–	8,978,705	8,978,705
Total	<u>3,360,354</u>	<u>1,465,383</u>	<u>22,344,907</u>	<u>27,170,644</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	21,561,975
Financial liabilities included in other payables and accruals	5,599,522
Interest-bearing bank and other borrowings	21,009,350
Lease liabilities	75,220
Total	<u>48,246,067</u>

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As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	14,195,400	14,195,400
Financial assets included in prepayments, other receivables and other assets	–	–	1,836,170	1,836,170
Equity investments at FVTOCI	–	342,445	–	342,445
Bills receivables measured at FVTOCI	–	968,383	–	968,383
Wealth management products and structured deposits	3,152,616	–	–	3,152,616
Bank balances, deposits and cash	–	–	10,506,209	10,506,209
Total	<u>3,152,616</u>	<u>1,310,828</u>	<u>26,537,779</u>	<u>31,001,223</u>

Financial liabilities

	Financial liabilities at amortised cost	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	23,154,119	–	23,154,119
Financial liabilities included in other payables and accruals	9,037,483	–	9,037,483
Interest-bearing bank and other borrowings	21,936,363	–	21,936,363
Lease liabilities	96,862	–	96,862
Derivative financial instruments	–	705	705
Total	<u>54,224,827</u>	<u>705</u>	<u>54,225,532</u>

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	–	16,081,447	16,081,447
Financial assets included in prepayments, other receivables and other assets	–	–	2,463,597	2,463,597
Equity investments at FVTOCI	–	344,702	–	344,702
Bills receivables measured at FVTOCI	–	1,050,583	–	1,050,583
Wealth management products and structured deposits	4,527,842	–	–	4,527,842
Bank balances, deposits and cash	–	–	9,064,859	9,064,859
Total	<u>4,527,842</u>	<u>1,395,285</u>	<u>27,609,903</u>	<u>33,533,030</u>

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Financial liabilities

	Financial liabilities at amortised cost	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	24,400,250	–	24,400,250
Financial liabilities included in other payables and accruals	7,455,487	–	7,455,487
Interest-bearing bank and other borrowings	25,449,703	–	25,449,703
Lease liabilities	103,870	–	103,870
Derivative financial instruments	–	31,779	31,779
Total	<u>57,409,310</u>	<u>31,779</u>	<u>57,441,089</u>

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	As at 31 December 2022	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant observable inputs Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
Wealth management products and structured deposits . . .	3,360,354	354	3,360,000	–
Financial assets at FVTOCI				
Bills receivables	1,117,567	–	1,117,567	–
Equity investments at fair value	<u>347,816</u>	<u>97,767</u>	<u>–</u>	<u>250,049</u>
Total	<u>4,825,737</u>	<u>98,121</u>	<u>4,477,567</u>	<u>250,049</u>

	Fair value measurement using			
	As at 31 December 2023	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant observable inputs Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
Wealth management products and structured deposits . . .	3,152,616	12,616	3,140,000	–
Financial assets at FVTOCI				
Bills receivables	968,383	–	968,383	–
Equity investments at fair value	<u>342,445</u>	<u>94,819</u>	<u>–</u>	<u>247,626</u>
Total	<u>4,463,444</u>	<u>107,435</u>	<u>4,108,383</u>	<u>247,626</u>

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	Fair value measurement using			
	As at 31 December 2024	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant observable inputs Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
Wealth management products and structured deposits . . .	4,527,842	–	4,527,842	–
Financial assets at FVTOCI				
Bills receivables	1,050,583	–	1,050,583	–
Equity investments at fair value	344,702	112,076	–	232,626
Total	<u>5,923,127</u>	<u>112,076</u>	<u>5,778,425</u>	<u>232,626</u>

Liabilities measured at fair value

	Fair value measurement using			
	As at 31 December 2023	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant observable inputs Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments . . .	<u>705</u>	<u>705</u>	–	–

	Fair value measurement using			
	As at 31 December 2024	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant observable inputs Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments . . .	<u>31,779</u>	<u>31,779</u>	–	–

During the years ended 31 December 2022, 2023 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models employed utilise the market approach. The inputs of the valuation technique mainly include volatility, financial data of the target companies, market multiple of comparable companies and discount for lack of marketability.

Assets subject to Level 2 fair value measurement were mainly included wealth management products and structured deposits and receivables measured at FVTOCI are evaluated by market approach.

Assets subject to Level 3 fair value measurement were mainly included equity investments in unlisted entities at FVTOCI. These assets were measured mainly using market approach, adjusted net assets approach and recent transaction price approach. The judgment of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

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The quantitative information of fair value measurements as at 31 December 2022, 2023 and 2024 for Level 3 is as follows:

Description	Valuation technique	Significant unobservable inputs	Sensitivity relationship to unobservable input to fair value	Fair value		
				As at 31 December		
				2022	2023	2024
				RMB'000	RMB'000	RMB'000
Unlisted equity investments:						
Equity investments at fair value	Market Approach	Discount for lack of marketability (“DLOM”)	2022: 5% increase/decrease in DLOM would result in decrease/increase in fair value of RMB31,110,000	250,049	247,626	232,626
			2023: 5% increase/decrease in DLOM would result in decrease/increase in fair value of RMB23,529,000			
			2024: 5% increase/decrease in DLOM would result in decrease/increase in fair value of RMB25,399,000			

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise bank and other borrowings, cash and cash equivalents and restricted cash. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entities to which the transactions relate. The foreign currencies giving rise to this risk are primarily USD and EUR.

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group’s subsidiaries. To ensure the currency risk exposure of the Group is kept to an acceptable level and seeks to minimise the gap between assets and liabilities in the same currency.

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As at 31 December 2022, 2023 and 2024, for the Group’s subsidiaries with currencies other than their respective functional currency, major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD	EUR	OTHERS
	RMB’000	RMB’000	RMB’000
As at 31 December 2022			
Assets	5,142,108	75,013	100,936
Liabilities	(1,180,799)	(8,267)	(1,070,949)
Net exposure	3,961,309	66,746	(970,013)
As at 31 December 2023			
Assets	3,384,968	101,203	60,664
Liabilities	(582,370)	(2,129)	(199,358)
Net exposure	2,802,598	99,074	(138,694)
As at 31 December 2024			
Assets	2,279,800	480,331	87,208
Liabilities	(673,355)	(198,184)	(715,512)
Net exposure	1,606,445	282,147	(628,304)

Interest risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term interest-bearing bank and other borrowings with a floating interest rate.

The following tables list out the interest rate profiles of the Group’s floating rate instruments as at 31 December 2022, 2023 and 2024:

	As at 31 December	As at 31 December	As at 31 December
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Floating rate instruments			
– Borrowings	14,115,471	13,889,790	15,849,610

If interest rates of floating rate instruments had been 100 basis points higher/lower with all other variables held constant, profit before income tax would be lower/higher RMB141,155,000, RMB138,898,000 and RMB158,496,000, for the year ended 31 December 2022, 2023 and 2024, respectively.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from the risk of default by counterparties. The maximum exposure to credit risk is equal to the carrying amounts of these instruments.

Trade receivables

To manage the risk arising from trade receivables, the Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

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The Group has applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is assessed individually or based on provision matrix, as appropriate, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses.

While bills receivables, contract assets, cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as at 31 December 2022, 2023 and 2024.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For trade receivables from related parties, the Group considers the counterparties with relatively good credit worthiness based on past experience and satisfactory settlement history. The Group assessed the ECL for trade receivables from related parties was insignificant during the Track Record Period.

A default on trade receivables is when the counterparty fails to make contractual payments when they fall due. Trade receivables are written off when there is no reasonable expectation of recovery.

On that basis, the ECL allowance as at 31 December 2022, 2023 and 2024 was determined as follows for trade receivables:

	Trade receivables		
	Gross carrying amount	ECL allowance	Expected loss rate
	RMB'000	RMB'000	%
As at 31 December 2022			
Assessed based on grouping.	9,983,602	583,663	5.85%
Assessed individually.	106,371	95,505	89.78%
As at 31 December 2023			
Assessed based on grouping.	13,176,523	748,989	5.68%
Assessed individually.	—	—	NA
As at 31 December 2024			
Assessed based on grouping.	13,772,978	838,770	6.09%
Assessed individually.	288,553	124,188	43.04%

Financial assets included in prepayments, other receivables and other assets

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. To assess whether there is a significant increase in credit risk in other receivables and other assets, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity hence the ECL is minimal.

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The following table sets forth the ECL allowance for other receivables and other assets as at 31 December 2022, 2023 and 2024:

	Other receivables and other assets			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2022				
Expected loss rate	0.36%	N/A	N/A	0.36%
Gross carrying amount	939,704	–	–	939,704
ECL allowance	(3,391)	–	–	(3,391)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2023				
Expected loss rate	3.43%	N/A	N/A	3.43%
Gross carrying amount	146,864	–	–	146,864
ECL allowance	(5,042)	–	–	(5,042)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2024				
Expected loss rate	0.93%	N/A	N/A	0.93%
Gross carrying amount	491,871	–	–	491,871
ECL allowance	(4,563)	–	–	(4,563)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. The Group’s policy is that all the borrowings should be approved by the chief financial officer.

As disclosed in note 32, during the Track Record Period, the Group’s banking facilities are subject to the fulfilments of covenants. Some of those covenants relate to the Group’s financial covenants 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. 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.

The tables below summarise the maturity profile of the Group’s financial liabilities at the end of each Track Record Period based on contractual undiscounted payments:

As at 31 December 2022

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank and				
other borrowings	3,959,677	9,825,131	7,255,594	21,040,402
Trade and bills payables	21,561,975	–	–	21,561,975
Lease liabilities	40,056	30,045	13,813	83,914
Other payables and accruals	5,506,568	93,014	–	5,599,582
	<u>31,068,276</u>	<u>9,948,190</u>	<u>7,269,407</u>	<u>48,285,873</u>

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As at 31 December 2023

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	5,136,575	12,424,765	4,398,665	21,960,005
Trade and bills payables	23,154,119	–	–	23,154,119
Lease liabilities	31,917	34,704	37,188	103,809
Derivative financial instruments . . .	705	–	–	705
Other payables and accruals	8,962,154	75,329	–	9,037,483
	<u>37,285,470</u>	<u>12,534,798</u>	<u>4,435,853</u>	<u>54,256,121</u>

As at 31 December 2024

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	7,336,447	13,904,939	4,208,905	25,450,291
Trade and bills payables	24,400,250	–	–	24,400,250
Lease liabilities	41,375	43,288	27,140	111,803
Derivative financial instruments . . .	31,779	–	–	31,779
Other payables and accruals	7,428,970	26,517	–	7,455,487
	<u>39,238,821</u>	<u>13,974,744</u>	<u>4,236,045</u>	<u>57,449,610</u>

Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using the liability-to-asset ratio, which is total liabilities divided by total assets. The liability-to-asset ratios as at the end of each of the Track Record Period were as follows:

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024
	RMB'000	RMB'000	RMB'000
Total assets	83,637,812	94,355,339	100,890,625
Total liabilities	<u>50,477,633</u>	<u>56,350,071</u>	<u>59,891,438</u>
Liability-to-asset ratio	<u>60.35%</u>	<u>59.72%</u>	<u>59.36%</u>

In order to achieve this overall objective, the Group’s capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing bank and other borrowings during the Track Record Period.

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45. EVENTS AFTER THE TRACK RECORD PERIOD

- (a) On 14 January 2025, the Company’s Board of Directors resolved to acquire a 1.0962% equity stake in 湖北億緯動力有限公司 for cash consideration of RMB579 million. 湖北億緯動力有限公司 has become a wholly owned subsidiary of the Company as a result. The business registration procedures with the relevant authorities were completed in February 2025.
- (b) On 21 March 2025, the Company completed the issuance of RMB5 billion convertible bonds to investors. The convertible bonds are listed on the ChiNext Market of the Shenzhen Stock Exchange with bond code: 123254. The bonds have a term of six years and are convertible into ordinary shares of the Company at an initial conversion price of RMB51.39 per share. The conversion period is from September 2025 to March 2031. The bond also pays annual coupon at increasing coupon rates ranging from 0.2% of for first year to the 2% for the sixth year. The proceeds will be used to support the Company’s industrial expansion and technology upgrade projects. Further details of the issuance are available in the Company’s public announcements and regulatory filings.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix is primarily intended to provide [REDACTED] with a summary of the Articles of Association. The following information is only a summary and may not include all materials that may be important to potential [REDACTED].

SHARES AND REGISTERED CAPITAL

Shares of the company shall be in the form of registered stock certificates.

For the issue of shares, the company adopts the principles of publicity, fairness and impartiality, with each share of the same class having the same rights.

For shares of the same class issued at the same time, the conditions of issuance and the price per share shall be the same; any unit or individual that subscribes for shares shall pay the same price per share.

INCREASE OR DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase or Decrease of Shares

Based on the needs of operation and development, the company may, in accordance with the provisions of laws and administrative regulations, and upon resolutions passed separately by the shareholders’ meeting, increase its capital by the following means:

- (I) issuing shares to unspecified objects;
- (II) issuing shares to specific objects;
- (III) allotting bonus shares to its existing shareholders;
- (IV) converting capital reserve into share capital;
- (V) other methods as stipulated by laws, administrative regulations, securities regulatory rules of the place where the company’s shares are listed, and provisions of the China Securities Regulatory Commission (CSRC), and approved by the Hong Kong Stock Exchange.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated by the Company Law of the People’s Republic of China (hereinafter referred to as “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Listing Rules”), and other relevant regulations and the Articles of Association.

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Repurchase of Shares

The Company shall not repurchase its own shares, except under any of the following circumstances:

- (I) reducing the registered capital of the company;
- (II) merging with another company that holds shares in the company;
- (III) using shares for employee stock ownership plans or as equity incentives;
- (IV) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed at any shareholders’ meeting on the merger or division of the company;
- (V) using shares to convert the corporate bonds issued by the listed company that are convertible to stocks;
- (VI) serving as a necessity for the company to protect its value and shareholders’ interests.

The Company may repurchase its own shares through open centralized trading, or other methods stipulated by laws, administrative regulations, and securities regulatory rules of the place where the company’s shares are listed, and recognized by the CSRC and the Hong Kong Stock Exchange.

Where the company repurchases its own shares under the circumstances stipulated in items (III), (V) and (VI) of paragraph 1 of Article 26 of the Articles of Association, it shall adopt the open centralized trading method.

Where the company repurchases its own shares under the circumstances stipulated in items (I) and (II) of paragraph 1 of Article 26 of the Articles of Association, it shall be subject to a resolution by the shareholders’ meeting; where the company repurchases its own shares under the circumstances stipulated in items (III), (V) and (VI) of paragraph 1 of Article 26 of the Articles of Association, it shall be subject to a resolution passed by a Board meeting attended by more than two-thirds of the directors, provided that the applicable securities regulatory rules of the place where the company’s shares are listed are complied with.

After the company repurchases its own shares in accordance with the provisions of Article 26, provided that the applicable securities regulatory rules of the place where the company’s shares are listed, such shares shall be cancelled within 10 days from the date of repurchase if it falls under the circumstances specified in item (I), or be transferred or cancelled within six months if it falls under the circumstances specified in items (II) or (IV), or be transferred or cancelled within three years if it falls under the circumstances specified in items (III), (V) and (VI), and the total number of the company’s shares held by the company does not exceed 10% of the total issued shares of the company.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Notwithstanding the above provisions, if applicable laws and regulations, other provisions of the Articles of Association, or laws of the place where the company’s shares are listed or the securities regulatory authorities have other provisions on the matters relating to the aforementioned repurchase of the company’s shares, the company shall comply with such provisions. The repurchase of H shares by the company shall comply with the Hong Kong Listing Rules and other relevant laws, regulations, and regulatory requirements of the place where the company’s H shares are [REDACTED].

After the company repurchases its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules, and other applicable laws and regulations, and the regulatory provisions of the place where the company’s shares are listed.

Transfer of Shares

The Company’s shares may be transferred according to law. Shares that have been issued prior to the company’s public offering shall not be transferred within one year after the date when the company’s shares are listed and traded on the Shenzhen Stock Exchange.

The Company’s directors and senior executives members shall report to the company their holdings of shares in the company (including preferred shares) and any changes thereto; the shares they transfer each year during their tenure as determined at the time of taking the office shall not exceed 25% of the total shares of the same class held by them in the company; the shares held by them in the company shall not be transferred within one year after the date when the company’s shares are listed and traded; and the shares of the company held by the aforesaid persons shall not be transferred within six months after their resignation.

If laws, administrative regulations, or listing rules of the place where the company’s shares are listed have other provisions regarding restrictions on the transfer of the company’s shares, such provisions shall prevail.

If a director or senior executive of the company, or a shareholder holding more than 5% of the company’s shares sells the shares of the company held by them or other securities with an equity nature within six months after purchase, or purchases such shares or securities within six months after sale, any profit obtained therefrom shall belong to the company, and the Board of Directors of the company shall recover such profit, unless a securities company holds more than 5% of the shares as a result of purchasing the remaining unsold shares underwritten by it or under any other circumstances prescribed by the CSRC and the Hong Kong Listing Rules.

The shares or other equity-like securities held by the directors, senior executives and natural person shareholders mentioned in the preceding paragraph include those held by their spouses, parents, children and those held through accounts of other persons.

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If the Board of Directors of the company does not observe the provision in paragraph 1 of this article, the shareholders have the right to require the Board of Directors to execute the provision within 30 days. If the Board fails to execute the provision within the aforesaid period, the shareholders have the right to directly file a lawsuit with the people’s court in their own names for the interests of the company.

If the Board of Directors of the company fails to observe the provision in the first paragraph of this article, the responsible directors shall bear joint liability according to law.

SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS

General Rules for Shareholders’ Meetings

The company shall keep a shareholder register according to the vouchers provided by the securities depository and clearing institution, which register bears adequate evidence of shareholders holding shares of the company. The original copy of the register of H-shareholders shall be stored in Hong Kong. The entrusted overseas agency shall at all times ensure the consistency between the original and duplicate copies of the register of overseas-listed share shareholders. The Hong Kong sub-register of shareholders shall be available for inspection by shareholders. However, the company may close the shareholder register in accordance with the applicable laws and regulations and the securities regulatory rules of the place where the company’s shares are listed. The shareholders enjoy rights and fulfill obligations as per the class of the shares they hold. Shareholders holding the same class of shares shall enjoy equal rights and assume the same obligations. Transfer of shares shall be recorded in the shareholder register. The company shall keep at its domicile a copy of the register of H-shareholders. The entrusted overseas agency shall ensure the consistency between the original and duplicate copies of the register of H-shareholders at all times. The shareholder register kept in Hong Kong shall be available for inspection by shareholders. However, the company may be allowed to close the shareholder register in accordance with the provisions equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The shareholders of the company shall be entitled to the following rights:

- (I) to obtain dividends and other forms of profit distribution in proportion to the number of shares held;
- (II) to lawfully request, convene, preside over or attend shareholders’ meetings either in person or by proxy and exercise the corresponding right to speak and vote;
- (III) to supervise the company’s business operations, propose recommendations or raise inquiries;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (IV) to transfer, give as gift or pledge their shares in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the company's shares are listed, and the Articles of Association;
- (V) to inspect and copy the Articles of Association, shareholder register, minutes of shareholders' meetings, resolutions of Board meetings, and financial and accounting reports; shareholders who meet the relevant regulations may inspect the company's account books and accounting vouchers;
- (VI) in the event of termination or liquidation of the company, to participate in the distribution of the company's remaining assets in proportion to the number of shares they held;
- (VII) with respect to a shareholder who votes against any resolution adopted at any shareholders' meetings on the merger or division of the company, to request the company to buy back his/her shares;
- (VIII) other rights stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are listed or the Articles of Association.

Where the contents of a resolution of the shareholders' meeting or the Board meeting violate the laws or administrative regulations, the shareholders shall be entitled to petition the people's court to declare the resolution invalid.

If the convening procedure and voting method of the shareholders' meeting or the Board meeting run counter to the laws, administrative regulations or Articles of Association, or if the content of any resolution runs counter to the Articles of Association, the shareholders shall be entitled to request the people's court to cancel the said procedure, method or resolution within 60 days after adoption of the resolution. However, this right does not apply to cases where there are only minor defects in the convening procedure or voting method of the shareholders' meeting or the Board meeting and which have no material impact on the resolutions.

The shareholders of the company shall undertake the following obligations:

- (I) to comply with the laws, administrative regulations, the securities regulatory rules of the place where the company's shares are listed and the Articles of Association;
- (II) to make payment for shares subscribed for according to the number of shares subscribed for and the method of subscription;
- (III) not to exit shares unless in the circumstances stipulated by laws and administrative regulations;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (IV) not to abuse shareholders' rights to infringe upon the interests of the company or other shareholders; not to abuse the company's status as an independent legal person or the limited liability of shareholders to damage the interests of the company's creditors;
- (V) to undertake other obligations stipulated by the laws, administrative regulations, the securities regulatory rules of the place where the company's shares are listed and the Articles of Association.
- (VI) shareholders of the company who abuse shareholders' rights and cause damages to the company or other shareholders shall be liable for compensation pursuant to the laws.
- (VII) shareholders of the company who abuse the company's status as an independent legal entity or the limited liability of shareholders to evade debts and severely infringe upon the interests of the company's creditors shall assume joint and several liabilities for the company's debts.

Controlling Shareholders and De Facto Controllers

The controlling shareholders and de facto controllers of the company shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, the provisions of CSRC, the rules of the stock exchange where the company's shares are listed, and the securities regulatory rules of the place where the company's shares are listed, so as to safeguard the interests of the listed company.

The controlling shareholders and de facto controllers of the company shall comply with the following provisions:

- (I) to exercise shareholder rights in accordance with the law, and refrain from abusing control rights or using affiliation to harm the legitimate rights and interests of the company or other shareholders;
- (II) to strictly fulfill all public statements and commitments made, and refrain from arbitrarily altering or exempting such obligations;
- (III) to strictly comply with relevant regulations regarding information disclosure, actively cooperate with the company in information disclosure and promptly inform the company of any significant events that have occurred or are about to occur;
- (IV) to refrain from occupying the company's funds in any manner;
- (V) to refrain from coercing, instructing, or demanding that the company or relevant persons provide guarantees in violation of laws or regulations;

APPENDIX III

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- (VI) to refrain from using undisclosed important information of the company for personal gain, disclosing any undisclosed important information related to the company in any manner, or engaging in illegal activities such as insider trading, short-swing trading, or market manipulation;
- (VII) to refrain from harming the legitimate rights and interests of the company and other shareholders through non-arm’s length related-party transactions, profit distribution, asset restructuring, external investments, or any other means;
- (VIII) to ensure the company’s asset integrity, personnel independence, financial independence, organizational independence, and business independence, and refrain from affecting the company’s independence in any manner;
- (IX) to comply with other provisions stipulated by laws, administrative regulations and the CSRC, the business rules of the stock exchange where the company’s shares are listed, and the Articles of Association.

Where the controlling shareholders or de facto controllers of the company do not serve as directors of the company but actually execute the company’s affairs, the provisions of the Articles of Association regarding directors’ duties of loyalty and diligence shall apply.

Where the controlling shareholders or de facto controllers of the company instruct directors or senior executives to engage in acts that damage the interests of the company or its shareholders, they shall be jointly and severally liable with such directors and senior executives.

General Rules for the Shareholder’s Meeting

The shareholders’ meeting shall comprise all the shareholders. The shareholders’ meeting is the organ of authority of the company, and shall exercise the following functions and powers pursuant to the law:

- (I) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (II) to consider and approve reports of the Board;
- (III) to consider and approve the company’s profit distribution proposals and loss recovery proposals;
- (IV) to resolve on the increase or reduction of the registered capital of the company;
- (V) to resolve on the offering of corporate bonds;

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- (VI) to resolve on the merger, division, dissolution or liquidation of the company or change of its corporate form;
- (VII) to amend the Articles of Association;
- (VIII) to resolve on the engagement and dismissal of the accounting firm that undertakes the company’s audit business and the payment of its remuneration;
- (IX) to consider and approve the transactions stipulated in Article 50 of the Articles of Association;
- (X) to consider and approve the guarantee matters stipulated in Article 53 and the financial assistance matters stipulated in Article 158 of the Articles of Association;
- (XI) to consider matters regarding the company’s purchase or sale of material assets within one year in excess of 30% of the latest audited total assets of the company;
- (XII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;
- (XIII) to consider share incentive scheme and employee stock ownership plans;
- (XIV) to consider the annual reports of the company;
- (XV) to consider and approve the repurchase of the company’s shares for reasons set out in (I) and (II) of paragraph 1 of Article 26 of the Articles of Association;
- (XVI) the annual general meeting of the company may authorize the Board of Directors to decide on the issuance of shares to specific objects with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the previous year. This authorization shall expire on the date of the next annual general meeting.
- (XVII) to consider other issues that should be decided by the shareholders’ meeting as stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company’s shares are [REDACTED] (including but not limited to Chapters 14 and 14A of the Hong Kong Listing Rules) or the Articles of Association.

The shareholders’ meeting may authorize the Board of Directors to make resolutions on the offering of corporate bonds.

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The following guarantee-providing actions of the company shall be considered and approved by the shareholders’ meeting:

- (I) guarantees with a single amount exceeding 10% of the latest audited net assets of the company;
- (II) any guarantee provided after the total amount of external guarantee provided by the company or its holdings subsidiaries exceeds 50% of the latest audited net assets of the company;
- (III) guarantees provided for guarantee recipients with a debt-to-asset ratio exceeding 70%;
- (IV) guarantees where the guarantee amount within 12 consecutive months exceeds 50% of the latest audited net assets of the company and the absolute amount exceeds RMB50 million;
- (V) any guarantee provided after the total amount of guarantee provided by the company or its holdings subsidiaries exceeds 30% of the latest audited total assets of the company;
- (VI) guarantees where the guarantee amount within 12 consecutive months exceeds 30% of the latest audited total assets of the company;
- (VII) guarantees provided to shareholders, de facto controllers and their related persons;
- (VIII) other guarantees that should be considered and approved by the shareholders’ meeting as stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules the place where the company’s shares are listed and the Articles Association.

Except for the external guarantee matters that shall be submitted to the shareholders’ meeting for consideration and approval as stipulated in Article 53 of the Articles of Association, other external guarantee matters shall be considered and approved by the Board of Directors. External guarantees that shall be considered and approved by the shareholders’ meeting must be considered and passed by the Board of Directors before being submitted to the shareholders’ meeting for consideration and approval. External guarantees that shall be considered and approved by the Board of Directors must be considered and passed by more than two-thirds of the directors present at the Board meeting. Without the consideration and approval of the Board of Directors or the shareholders’ meeting, the company shall not provide external guarantees.

The shareholders’ meetings include annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within 6 months from the end of the preceding fiscal year.

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The company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

- (I) the number of directors falls short of the quorum stipulated in the Company Law or is less than two thirds of the number specified in the Articles of Association (i.e., 5 directors);
- (II) the unrecovered losses of the company amount to one third of the total amount of its share capital;
- (III) shareholder(s) severally or jointly holding more than 10% of the company's voting shares request(s) in writing the convening of an extraordinary general meeting;
- (IV) when deemed necessary by the Board of Directors;
- (V) when proposed by the Audit Committee;
- (VI) other circumstances as stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are listed or the Articles of Association.

The number of shares held in the above-mentioned item (III) shall be calculated as of the date when the shareholder submits a written request, and only common shares and preferred shares with restored voting rights shall be counted.

Convening of the Shareholders' Meeting

With the consent of more than half of all independent directors, independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. Where independent directors propose to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the company's shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary general meeting within 10 days upon the receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days after the resolution is passed by the Board. If the Board of Directors does not agree to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

When the Audit Committee proposes to the Board of Directors to convene an extraordinary general meeting, it shall submit the proposal to the Board of Directors in writing. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the company's shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board agrees to convene an extraordinary general meeting, a notice on the convening of the meeting shall be

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issued within five days after the resolution is passed by the Board, and the changes made to the original proposal in the notice shall be approved by the Audit Committee. Where the Board does not agree to convene the extraordinary general meeting, or fails to reply within 10 days upon the receipt of the proposal, the Board shall be deemed as not being able to perform or not to perform its duty to convene shareholders’ meetings, and the Audit Committee may convene and preside over such meeting on its own.

Shareholders who individually or jointly hold more than 10% of the company’s total issued share capital (excluding the company’s treasury shares), including preferred shares with restored voting rights, etc., have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit such a request to the Board in writing. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the company’s shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary general meeting within 10 days upon the receipt of the request. Where the Board agrees to convene the extraordinary general meeting, a notice on convening the meeting shall be issued within five days after the resolution is passed by the Board, and the changes made to the original request in the notice shall be approved by relevant shareholders. If the Board refuses to convene an extraordinary general meeting or fails to give a response within 10 days after receiving the request, shareholders who individually or jointly hold more than 10% of the company’s total issued share capital (excluding the company’s treasury shares), including preferred shares with restored voting rights, etc., have the right to propose to the Audit Committee to convene an extraordinary general meeting and shall submit such a request to the Audit Committee in writing. Where the Audit Committee agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Any change to the original request set forth in the notice shall be subject to approval by relevant shareholders. If the Audit Committee fails to issue a notice for the meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene and preside over the meeting. In such a case, shareholders who individually or jointly hold more than 10% of the company’s total issued share capital (excluding the company’s treasury shares), including preferred shares with restored voting rights, etc., for more than 90 consecutive days may convene and preside over the meeting on their own.

If the Audit Committee or shareholders decide to convene a shareholders’ meeting on their own, they must notify the Board of Directors in writing and file a record with the Shenzhen Stock Exchange at the same time. When issuing the notice of the shareholders’ meeting and the announcement of the resolutions of the shareholders’ meeting, the Audit Committee or the convening shareholders shall submit relevant supporting materials to the Shenzhen Stock Exchange. Before the announcement of the resolutions of the shareholders’ meeting, the shareholding ratio (including preferred shares with restored voting rights, etc.) of the convening shareholders shall not be less than 10% of the total issued share capital (excluding the company’s treasury shares). For the shareholders’ meeting convened by the Audit Committee or shareholders on their own, the Board of Directors and the Secretary to the Board shall provide cooperation. The Board of Directors shall provide the shareholder register as of the equity registration date. For the shareholders’ meetings convened by the Audit Committee or shareholders on their own, the company shall bear the necessary expenses for the meeting.

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Proposals and Notices of Shareholders' Meetings

The content of a proposal shall fall within the scope of the shareholders' meeting's powers, have a clear topic and specific resolution items, and comply with relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the company's shares are listed, and the Articles of Association.

When the company convenes a shareholders' meeting, the Board of Directors, the Audit Committee, and shareholders who individually or jointly hold more than 1% of the company's total issued share capital (excluding the company's treasury shares), including preferred shares with restored voting rights, etc., have the right to submit proposals to the company.

Shareholders who individually or jointly hold more than 1% of the company's total issued share capital (excluding the company's treasury shares), including preferred shares with restored voting rights, etc., may submit a temporary proposal in writing to the convener 10 days before the convening of the shareholders' meeting. The convener shall, within 2 days after receipt of the proposal, issue a supplementary notice to announce the content of the temporary proposal, and submit the temporary proposal to the shareholders' meeting for consideration, except where the temporary proposal violates laws, administrative regulations, the securities regulatory rules of the place where the company's shares are listed or the Articles of Association, or falls outside the scope of the powers of the shareholders' meeting.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of shareholders' meeting or add any new proposal after the said notice is served via announcement.

Proposals not set out in the notice of shareholders' meeting or not complying with the Articles of Association shall not be voted on or resolved at the shareholders' meeting.

The convener shall notify each shareholder in writing (including announcements) 21 days before an annual general meeting (the starting date for calculating the 21-day period does not include the date of the meeting), and notify each shareholder in writing (including announcements) 15 days before an extraordinary general meeting (the starting date for calculating the 15-day period does not include the date of the meeting). If, in accordance with the securities regulatory rules of the place where the company's shares are listed, the shareholders' meeting needs to be postponed due to the publication of supplementary notices for the shareholders' meeting, the convening of the shareholders' meeting shall be postponed in accordance with the securities regulatory rules of the place where the company's shares are listed.

The notice of a shareholders' meeting shall specify:

- (I) the convener of the meeting;
- (II) the time, place and duration of the meeting;

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- (III) matters and proposals submitted for consideration at the meeting;
- (IV) a clear statement that all shareholders of ordinary shares (including shareholders of preferred shares whose voting rights have been restored), shareholders holding shares with special voting rights and other shareholders are entitled to attend the shareholders’ meeting and appoint proxies in writing to attend and vote at such meeting and that such proxies need not be shareholders of the company;
- (V) the equity registration date of shareholders entitled to attend the shareholders’ meeting;
- (VI) the name and telephone number of the coordinator of the meeting;
- (VII) where a shareholders’ meeting is held via online or other means, the voting time and voting procedure of such means.

Holding of Shareholders’ Meetings

All shareholders of ordinary shares (including shareholders of preferred shares whose voting rights have been restored), shareholders holding shares with special voting rights and other shareholders whose names are recorded in the shareholder register on the record date, or their proxies, are entitled to attend the shareholders’ meeting. They can speak at the shareholders’ meeting and exercise their voting rights in accordance with relevant laws, administrative regulations, the securities regulatory rules of the place where the company’s shares are listed and the Articles of Association (except those shareholders who are required to abstain from voting on specific matters in accordance with the securities regulatory rules of the place where the company’s shares are listed).

Shareholders may attend the shareholders’ meeting in person. Alternatively, they may appoint one or more persons (who need not be shareholders) as their proxies to attend the meeting on their behalf, and to speak and vote on the meeting.

If an individual shareholder attends the meeting in person, they shall present their ID card or other valid certificates or documents that can prove their identity. If a proxy is appointed to attend the meeting on their behalf, the proxy shall present his/her valid ID card and the power of attorney from the shareholder.

Corporate shareholders shall be represented at the meeting by their legal representatives or the proxies appointed by the legal representatives. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall present his/her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder and sealed with the corporate seal. This does not apply to shareholders who are recognized clearing houses or their agents as defined by the relevant laws and regulations in force from time to time under Hong Kong law or the securities regulatory rules of the place where the company’s shares are listed.

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The power of attorney used by shareholders to appoint proxies to attend the shareholders' meeting shall contain the following information:

- (I) name or title of the principal and the category and quantity of the company's shares held by the principal;
- (II) name or title of the proxy;
- (III) specific instructions from the shareholder, including instructions on voting in favor, against or abstaining from voting on each item on the agenda of the shareholders' meeting;
- (IV) the date of issue and validity period of the power of attorney;
- (V) signature (or seal) of the principal; If the principal is a corporate shareholder, the corporate seal shall be affixed; for overseas corporate shareholders without a company seal, it can be signed by a legally authorized person.

A power of attorney shall contain a statement that, in default of directives, the proxy may vote in his/her discretion.

Where the proxy voting authorization form is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the proxy voting authorization form, be deposited at the company's domicile or at such other place as specified in the notice of the meeting. Both the notarized power of attorney or other authorization documents and the proxy voting authorization form shall be placed at the company's domicile or other places specified in the notice convening the meeting 24 hours before the relevant meeting is held or 24 hours before the designated voting time.

If the shareholder is a recognized clearing house (or its agent), the shareholder may authorize one or more persons it deems appropriate to act as its representatives at any shareholders' meeting or creditors' meeting. However, if more than one person is authorized, the power of attorney shall specify the number and type of shares involved in the authorization for each such person, and the power of attorney shall be signed by an authorized person of the recognized clearing house. Persons so authorized may exercise the rights on behalf of the recognized clearing house (or its agent) (without presenting shareholding certificates, notarized authorizations and/or further evidence to prove their formal authorization), and shall enjoy the same legal rights as other shareholders, including the rights to speak and vote, as if such persons were individual shareholders of the company.

If the shareholders' meeting requires the directors and senior executives to be present at the meeting as non-voting delegates, the directors and senior executives shall attend the meeting as non-voting delegates and subject themselves to the inquiries of the shareholders. The shareholders' meetings shall be presided over by the chairman of the Board of Directors. Where the chairman cannot or does not fulfill the duty thereof, more than half of the directors may jointly elect a director to preside over the meeting.

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A shareholders' meeting convened by the Audit Committee itself shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee is unable to perform his/her duties or fails to perform his/her duties, one member of the Audit Committee jointly recommended by more than half of the Audit Committee members shall preside over the meeting.

For a shareholders' meeting convened by shareholders on their own, it shall be presided over by the convener or a representative recommended by the convener.

When the presider violates the rules of procedure during the shareholders' meeting, making it impossible to continue the meeting, with the consent of shareholders holding more than half of the voting rights present at the meeting, the shareholders' meeting may elect a person to serve as the presider to continue the meeting.

Voting and Resolutions at Shareholders' Meetings

Resolutions of a shareholders' meeting shall be divided into ordinary resolutions and special resolutions. Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the shareholders' meeting. Special resolutions shall be passed by votes representing more than two thirds of the voting rights held by shareholders (including proxies thereof) attending the shareholders' meeting.

The following matters shall be approved by ordinary resolutions at a shareholders' meeting:

- (I) work reports of the Board of Directors;
- (II) profit distribution plan and loss recovery plan formulated by the Board;
- (III) the appointment and removal of Board members (including their removal before the expiration of their terms of office, without prejudice to their claims for damages under any contract), as well as their remuneration and methods of payment;
- (IV) other matters than those that should be passed by special resolutions pursuant to relevant laws, administrative regulations, securities regulatory rules of the place where the company's shares are listed or the Articles of Association.

The following matters shall be approved by special resolutions at a shareholders' meeting:

- (I) amendment of the Articles of Association and its appendices (including the rules of procedure of the shareholders' meeting and the rules of procedure of the Board of Directors);
- (II) increase or decrease of the registered capital of the company;

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- (III) division, merger, dissolution and liquidation of the company or change of its corporate form;
- (IV) spin-off of a subsidiary for listing;
- (V) in a consecutive 12-month period, the company’s purchase or sale of major assets or the amount of guarantees exceeds 30% of the latest audited total assets of the company;
- (VI) issuance of stocks, convertible corporate bonds, preferred stocks and other securities recognized by the CSRC;
- (VII) repurchase of shares for the purpose of reducing the registered capital;
- (VIII) material asset restructuring;
- (IX) share incentive scheme;
- (X) the company’s shareholders’ meeting resolves to voluntarily withdraw its stocks from listing on the Shenzhen Stock Exchange, decides not to trade on the Shenzhen Stock Exchange any longer, or instead applies for trading or transfer on other trading venues;
- (XI) any other matter confirmed by an ordinary resolution at a shareholders’ meeting that it may have material impact on the company and accordingly shall be approved by special resolutions;
- (XII) other matters that need to be passed by a special resolution as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the company’s shares are listed, the Articles of Association, or the rules of procedure of the shareholders’ meeting.

Shareholders (including proxies thereof) shall exercise their voting rights as per the voting shares they represent. Each share carries the right to one vote, except for holders of class shares.

When the shareholders’ meeting deliberates on major matters that affect the interests of minority investors, it shall separately count and disclose the voting results of shareholders other than the directors and senior executives of the listed company, as well as shareholders who individually or in aggregate hold more than 5% of the shares of the listed company.

The company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the shareholders’ meeting.

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According to applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution matter, or is restricted to only vote in favor of (or against) a resolution matter, the votes cast by such shareholders or their proxies in violation of relevant regulations or restrictions shall not be included in the total number of voting shares.

If a shareholder acquires voting shares of the company in violation of Paragraphs 1 or 2 of Article 63 of the Securities Law, the portion of shares exceeding the prescribed limit shall not carry voting rights for 36 months after acquisition and shall not be counted toward the total voting shares present at the shareholders’ meeting.

The company’s board of directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the company’s shares are listed, or the regulations of the CSRC can act as solicitors. They may, either on their own or by entrusting securities companies or securities service institutions, publicly request shareholders to entrust them to attend the shareholders’ meeting on their behalf and exercise shareholders’ rights such as the right to submit proposals and the right to vote. However, they shall not publicly solicit shareholders’ rights in a paid or disguised paid manner. When soliciting shareholders’ voting rights, the solicitor shall fully disclose specific voting intentions and other relevant information to the solicited parties. Except as required by law, the company shall not impose minimum shareholding ratio restrictions on the solicitation of voting rights.

When a related party transaction is considered at a shareholders’ meeting, the related shareholders shall abstain from voting, and the voting shares held by them shall not be counted in the total number of valid votes; the resolution of the shareholders’ meeting shall fully disclose the voting results of the non-related shareholders.

DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions on Directors

The directors of the company may include executive directors, non-executive directors, and independent directors. A non-executive director refers to a director who does not hold any operational or managerial position in the company. An independent director refers to a person who meets the requirements set forth in Article 124 of the Articles of Association.

Directors of the company shall be natural persons. Any person who falls under any of the following circumstances shall not serve as a director of the company:

- (I) A person without civil capacity or with limited civil capacity;

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- (II) A person who has been sentenced for corruption, bribery, embezzlement, misappropriation of property, or disrupting the socialist market economic order, or has been deprived of political rights due to a criminal offense, where five years have not elapsed since the completion of the sentence or, in the case of a suspended sentence, two years have not elapsed since the expiration of the probation period;
- (III) A person who served as a director, factory director, or president of a company or enterprise that entered into bankruptcy liquidation and who was personally liable for the bankruptcy, where three years have not elapsed since the completion of the bankruptcy liquidation;
- (IV) A person who served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to violations of law and who was personally liable for such events, where three years have not elapsed since the date of such revocation or closure;
- (V) A person who has a large amount of personal debt that is due and remains unpaid, and who has been listed by a people’s court as a discredited judgment debtor;
- (VI) A person who is subject to a market entry ban imposed by the CSRC, where the ban period has not yet expired;
- (VII) A person who has been publicly identified by a stock exchange as unsuitable to serve as a director or senior executive of a listed company, where the period of such unsuitability has not yet expired;
- (VIII) Other circumstances as prescribed by laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the company’s shares are listed.

Any election, appointment, or engagement of a director in violation of this article shall be invalid. If any director falls under any of the above circumstances during his/her term of office, the company shall remove such person from the position.

Directors other than those serving as employee representatives shall be elected or replaced by the shareholders’ meeting. Each term shall be for a period of three years, and a director may be removed before the expiration of his/her term by way of an ordinary resolution of the shareholders’ meeting in accordance with applicable laws, administrative regulations, departmental rules, normative documents, and the Hong Kong Listing Rules (provided that such removal shall not affect any claim for damages made by the director pursuant to any contract). Upon expiry of the term of office, a director may be re-elected and re-appointed in accordance with the securities regulatory rules of the place where the company’s shares are listed.

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The term of office of a director shall commence from the date on which such person assumes office and shall end upon the expiration of the current term of the Board. If re-election is not conducted in a timely manner upon the expiry of a director's term, the original director shall continue to perform the duties of a director in accordance with the provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are listed, and the Articles of Association until the newly elected director assumes office. Subject to compliance with applicable laws, regulations, and regulatory rules of Hong Kong, 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 first annual general meeting after his/her appointment, at which time such person shall be eligible for re-election.

A director may concurrently serve as the president or other senior executive. However, the total number of directors concurrently serving as the president or other senior executives, together with directors serving as employee representatives, shall not exceed one-half of the total number of directors of the company.

A director may resign before the expiration of his/her term of office. A written resignation report shall be submitted to the Board in the event of a resignation. The Board shall disclose the relevant information within the period required by the regulatory rules of the place where the company's shares are listed. If the resignation of a director results in the number of members of the Board falling below the statutory minimum, such resignation shall not become effective until the vacancy caused by the resignation is filled by a newly appointed director. Before the resignation becomes effective, the resigning director shall continue to perform his/her duties in accordance with laws, administrative regulations, and regulations of the Shenzhen Stock Exchange and the Articles of Association, unless otherwise provided in Article 112 of the Articles of Association.

Board of Directors

The Board shall comprise not fewer than eight directors. The Board shall have one chairman and one employee representative director. Among the directors, there shall be at least three independent directors, and the number of independent directors shall account for no less than one-third of the total number of Board members. The term of office of an independent director shall be the same as that of other directors, but an independent director shall not serve consecutively for more than six years. The Board shall have the power to make decisions on the execution of business operations and day-to-day management. Upon resolutions being adopted by the shareholders' meeting, the Board shall implement such resolutions and be accountable to the shareholders' meeting.

The Board shall exercise the following powers:

- (I) to convene the shareholders' meeting and report to the shareholders' meeting on its work;
- (II) to implement the resolutions adopted at the shareholders' meeting;

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- (III) to determine the company's business plans and investment proposals;
- (IV) to formulate the company's profit distribution and loss recovery plans;
- (V) to formulate plans for increasing or reducing the registered capital of the company, issuing bonds or other securities, and listing;
- (VI) to draft plans for major acquisitions, buybacks of the company's shares, mergers, demergers, dissolution, or changes to the company's corporate form;
- (VII) to determine, within the scope of authority delegated by the shareholders' meeting, matters concerning the company's external investments, acquisitions and disposals of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, external donations, and other matters;
- (VIII) to determine the organizational structure of the company's internal management;
- (IX) to determine the appointment or dismissal of the president, Secretary to the Board, and other senior executives of the company, and to decide on matters concerning their remuneration, rewards, and penalties; based on the nomination of the president, to determine the appointment or dismissal of deputy presidents, the chief financial officer, and other senior executives, and to decide on matters concerning their remuneration, rewards, and penalties;
- (X) to formulate the company's basic management systems;
- (XI) to formulate proposals for amendments to the Articles of Association;
- (XII) to manage matters related to the company's information disclosure;
- (XIII) to submit proposals to the shareholders' meeting for the engagement or replacement of the accounting firm responsible for auditing the company;
- (XIV) to hear the work reports of the president of the company and review the performance of the president;
- (XV) where the controlling shareholder is found to have misappropriated company assets, the Board shall have the right to immediately apply for judicial freezing of the controlling shareholder's equity, and any part that cannot be repaid in cash shall be repaid through realization of the shareholder's equity;
- (XVI) other powers granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's shares are listed, or the Articles of Association.

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The Board shall determine the scope of authority for the company's external investments, acquisitions and disposals of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, and external donations, and shall establish strict review and decision-making procedures. Major investment projects shall be evaluated by relevant experts or professionals and submitted to the shareholders' meeting for approval.

The chairman shall be a director of the company and shall be elected and removed by a majority of all directors.

The chairman shall exercise the following powers:

- (I) to preside over shareholders' meetings and to convene and preside over Board meetings;
- (II) to supervise and inspect the implementation of Board resolutions;
- (III) other powers granted by the Board.

The Board shall hold at least four meetings each year, which shall be convened by the chairman. Except for extraordinary Board meetings, all directors shall be notified at least fourteen days before the meeting. The chairman shall convene an extraordinary Board meeting within ten days in any of the following circumstances:

- (I) when the chairman deems it necessary;
- (II) upon joint proposal by more than one-third of the directors;
- (III) upon proposal by the Audit Committee;
- (IV) upon proposal by more than one-half of all independent directors;
- (V) upon proposal by the president;
- (VI) upon proposal by shareholders representing more than one-tenth of the voting rights.

The notice of an extraordinary Board meeting may be delivered by telephone, telegram, mail, or by personal delivery. The notice period shall be no less than two days prior to the date of the meeting.

A Board meeting shall be convened only when more than one-half of all directors are in attendance. Each director shall have one vote. A resolution of the Board shall be adopted only with the approval of more than one-half of all directors.

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Where a director has an affiliated relationship with an enterprise or individual involved in the matters to be resolved at a Board meeting, the director shall promptly make a written report to the Board. Such director shall not vote on the resolution in question and shall not vote on behalf of any other director. The Board meeting may be held with the attendance of more than one-half of the disinterested directors, and resolutions shall be passed by more than one-half of the disinterested directors in attendance. If the number of disinterested directors attending the meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration. If laws, regulations, or the securities regulatory rules of the place where the company's shares are listed impose any additional restrictions on directors' participation in Board meetings or voting, such provisions shall prevail.

Board meetings shall be attended in person by directors. If a director is unable to attend due to special circumstances, he/she may, by written proxy, authorize another director to attend on his/her behalf. An independent director shall not authorize a non-independent director to vote on his/her behalf. The proxy shall specify the name of the proxy holder, the matters authorized, the scope of authority, and the validity period, and shall be signed or sealed by the principal. The director attending the meeting on behalf of another shall exercise the director's rights within the scope of authorization. A director who neither attends the Board meeting nor authorizes another director to attend on his/her behalf shall be deemed to have waived the right to vote at that meeting.

Independent Directors

Independent directors owe duties of loyalty and diligence to the company and all shareholders. They shall faithfully perform their responsibilities in accordance with laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the company's shares are listed, and the Articles of Association. They shall actively participate in decision-making, perform supervisory and balancing functions, and provide professional advice within the Board, safeguard the overall interests of the company, and protect the legitimate rights and interests of minority shareholders.

Independent directors must maintain their independence. None of the following individuals may serve as an independent director:

- (I) any person who holds a position in the company or any of its subsidiaries, as well as their spouse, parents, children, or principal social relations;
- (II) any natural person shareholder who directly or indirectly holds more than 1% of the company's issued shares or ranks among the company's top ten shareholders, as well as their spouse, parents, or children;
- (III) any person who holds a position in a shareholder that directly or indirectly holds more than 5% of the company's issued shares or ranks among the top five shareholders of the company, as well as their spouse, parents, or children;

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- (IV) any person who holds a position in an affiliated enterprise of the company’s controlling shareholder or de facto controller, as well as their spouse, parents, or children;
- (V) any person who provides financial, legal, consulting, sponsorship, or other services to the company, its controlling shareholder, de facto controller, or their respective affiliates, including but not limited to all members of the project team from the intermediary institution providing such services, reviewers at all levels, signatories of the report, partners, directors, senior executives, and principal persons in charge;
- (VI) any person who has significant business dealings with the company, its controlling shareholder, or de facto controller, or who holds a position in an entity or its controlling shareholder or de facto controller that has significant business dealings with the company;
- (VII) any person who, within the past 12 months, has fallen under any of the circumstances listed in items (I) to (VI) above;
- (VIII) any other person who, pursuant to laws, administrative regulations, provisions of the CSRC, the securities regulatory rules of the place where the company’s shares are listed, or the Articles of Association, is deemed not to have independence.

The affiliated enterprises of the company’s controlling shareholder or de facto controller mentioned in items (IV), (V), and (VI) above shall not include those which, in accordance with the Rules Governing the Listing of Shares on the ChiNext Market of the Shenzhen Stock Exchange, are not considered related parties of the company.

Independent directors shall conduct an annual self-assessment of their independence and submit the results to the Board. The Board shall conduct an annual evaluation of the independence of incumbent independent directors and issue a special opinion, which shall be disclosed concurrently with the annual report.

The following matters shall be submitted to the Board for deliberation only after having been approved by more than half of all independent directors:

- (I) connected transactions that are required to be disclosed;
- (II) plans for the modification or waiver of commitments by the company or relevant parties;
- (III) decisions and measures taken by the Board of the company in response to the acquisition at the time of the acquisition;

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- (IV) other matters as required by laws, administrative regulations, provisions of the CSRC, the securities regulatory rules of the place where the company’s shares are listed, or the Articles of Association.

The company shall establish a dedicated meeting mechanism composed solely of independent directors. For matters such as connected transactions that are subject to deliberation by the Board, prior recognition by the dedicated meeting of independent directors shall be obtained. The company shall convene dedicated meetings of independent directors on a regular or ad hoc basis. Matters set forth in items (I) to (III) of paragraph 1 of Article 131, and Article 132 of the Articles of Association shall be reviewed by the dedicated meeting of independent directors. The dedicated meeting of independent directors may also study and discuss other matters of the company as needed.

The dedicated meeting of independent directors shall be convened and chaired by one independent director elected by more than half of all independent directors. If the convener fails or is unable to perform such duties, two or more independent directors may convene the meeting on their own and jointly elect one of them to preside over the meeting.

Specialized Committees under the Board

The company shall establish an Audit Committee within the Board and may, as needed, establish other relevant special committees such as the Strategy and Sustainable Development Committee, Nomination Committee, and Remuneration and Appraisal Committee. Special committees shall be accountable to the Board and shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Proposals made by the specialized committees shall be submitted to the Board for deliberation and decision.

All members of the specialized committees shall be composed of directors. Among them, independent directors shall account for more than half of the members of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, and shall serve as the conveners. Members of the Audit Committee shall be directors who do not hold any senior management position in the company, and the convener shall be an accounting professional. The Board shall be responsible for formulating the rules of procedure for the specialized committees to regulate their operations.

The audit committee shall exercise the powers of the board of supervisors as stipulated in the Company Law. Members of the Audit Committee shall be non-executive directors or independent directors. The current Audit Committee comprises three members, including two independent directors. The convener (chairperson) shall be an accounting professional among the independent directors.

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The Audit Committee shall be responsible for reviewing the company's financial information and its disclosure, supervising and evaluating internal and external audits and internal controls. The following matters shall be submitted to the Board for deliberation only after being approved by more than half of all members of the Audit Committee:

- (I) disclosure of financial and accounting reports and financial information in periodic reports, and internal control evaluation reports;
- (II) appointment or dismissal of the accounting firm undertaking the audit of the listed company;
- (III) appointment or dismissal of the chief financial officer of the listed company;
- (IV) changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters as stipulated by laws, administrative regulations, securities regulatory rules of the place where the company's shares are listed, and the Articles of Association.

The Audit Committee shall convene at least one meeting each quarter. An ad hoc meeting may be convened when proposed by two or more members or deemed necessary by the convener. Meetings of the Audit Committee shall only be held when more than two-thirds of the members are present. Resolutions of the Audit Committee shall be passed by more than half of the members. Voting on resolutions of the Audit Committee shall follow a one-person-one-vote rule. Meeting minutes of Audit Committee resolutions shall be prepared in accordance with regulations, and the Audit Committee members attending the meeting shall sign the minutes.

The rules of procedure for the Audit Committee shall be formulated by the Board.

Senior Management

The company shall have one president, who shall be appointed or dismissed by the Board. The company may appoint other senior management members, who shall also be appointed or dismissed by the Board.

Article 112 of the Articles of Association concerning disqualification from serving as a director shall also apply to senior executives. Article 116 of the Articles of Association concerning the duty of loyalty of directors and items (IV) to (VI) of Article 117 concerning the duty of diligence shall also apply to senior management. Article 119 of the Articles of Association concerning the resignation of directors shall likewise apply to senior executives.

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The president shall be accountable to the Board and shall exercise the following powers:

- (I) preside over the company’s production and operational management, organize the implementation of resolutions of the Board, and report to the Board on their work;
- (II) organize the implementation of the company’s annual business plan and investment proposals;
- (III) formulate plans for the establishment of the company’s internal management structure;
- (IV) formulate the company’s basic management systems;
- (V) formulate specific rules and regulations of the company;
- (VI) propose to the Board the appointment or dismissal of other senior management members of the company;
- (VII) decide on the appointment or dismissal of managerial personnel other than those whose appointment or dismissal shall be decided by the Board;
- (VIII) other powers granted by the Articles of Association or the Board.

The president shall attend Board meetings. If the president is not a director, he/she shall not have any voting rights at the Board meetings.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, AND AUDIT

Financial and Accounting System

The company shall, in accordance with laws, administrative regulations, and the provisions of relevant state authorities, formulate its financial and accounting system.

The company shall submit and disclose its annual report to the local office of the CSRC and the stock exchange where its shares are listed within four months from the end of each fiscal year, and shall submit and disclose its interim report to the local office of the CSRC and the stock exchange where its shares are listed within two months from the end of the first half of each fiscal year. The above annual and interim reports shall be prepared in accordance with relevant laws, administrative regulations, the rules of the CSRC, and the regulations of the stock exchange where the company’s shares are listed.

In addition to the statutory account books, the company shall not establish separate account books. The company’s assets shall not be deposited in accounts opened under any individual’s name.

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When distributing the after-tax profits of the current year, the company shall allocate 10% of such profits to the statutory reserve fund. Where the cumulative amount of the statutory reserve fund has exceeded 50% of the company’s registered capital, no further allocation is required. If the statutory reserve fund of the company is insufficient to cover losses carried forward from previous years, such losses shall be covered first using the profits of the current year before making the allocation to the statutory reserve fund as provided in the preceding paragraph. After allocating to the statutory reserve fund, the company may, subject to resolution of the shareholders’ meeting, further allocate a portion of the after-tax profits to a discretionary reserve fund.

The remaining after-tax profits of the company, after covering losses and allocating to the reserve funds, shall be distributed to shareholders in proportion to their respective shareholdings, except where otherwise provided in the Articles of Association. Where the shareholders’ meeting distributes profits in violation of the Company Law, the shareholders shall return such improperly distributed profits to the company. Where losses are caused to the company, the shareholders and the directors and senior management members who are responsible shall be liable for compensation. Shares of the company held by the company itself shall not be entitled to profit distribution.

The company shall appoint one or more receiving agents in Hong Kong for its H-shareholders. Such receiving agent(s) shall, on behalf of the relevant H-shareholders, receive and hold the dividends and other amounts payable by the company in respect of the H-shares, pending payment to such H-shareholders. The receiving agent(s) appointed by the company shall comply with applicable laws and regulations and the securities regulatory rules of the stock exchange where the company’s shares are listed.

The company’s reserve funds shall be used to cover losses, expand production and operations, or be converted into capital of the company. When using reserve funds to cover losses, discretionary reserve funds and statutory reserve funds shall be used first; if still insufficient, capital reserve funds may be used in accordance with relevant regulations.

Internal Audit

The company shall implement an internal audit system, which shall clearly define the leadership structure, responsibilities and authority, staffing, funding, utilization of audit results, and accountability in relation to internal audit work.

The internal audit system of the company shall be implemented upon approval by the Board and shall be publicly disclosed.

Engagement of Accounting Firms

The company shall engage an accounting firm that complies with the Securities Law to provide services including auditing of financial statements, verification of net assets, and other relevant consultancy services. The term of engagement shall be one year and may be renewed.

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The engagement or dismissal of an accounting firm and the payment of its remuneration shall be determined by the shareholders' meeting. The Board shall not appoint an accounting firm before the shareholders' meeting has made a decision.

The company shall provide the engaged accounting firm with true and complete accounting vouchers, account books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or make any false statements.

The audit fees of the accounting firm shall be determined by the shareholders' meeting.

If the company dismisses or decides not to renew the engagement of an accounting firm, it shall notify the firm three days in advance. When the shareholders' meeting of the company deliberates the dismissal of the accounting firm, the firm shall be allowed to express its opinion. Where an accounting firm proposes resignation, it shall explain to the Board whether there are any improprieties on the part of the company.

MERGER, DIVISION, INCREASE AND REDUCTION OF REGISTERED CAPITAL, DISSOLUTION, AND LIQUIDATION

Merger, Division, Increase and Reduction of Registered Capital

The company may, in accordance with the law, undergo a merger or division. A merger may take the form of an absorption merger or a new establishment merger. In an absorption merger, one company absorbs other companies, and the absorbed companies shall be dissolved. In a new establishment merger, two or more companies merge to establish a new company, and all parties to the merger shall be dissolved.

For a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The company shall notify its creditors within 10 days from the date the merger resolution is adopted, and shall make an announcement within 30 days in China Securities Journal, Securities Times, or via the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received, demand that the company repay debts or provide corresponding guarantees.

In a merger, the surviving company or the newly established company shall assume all claims and debts of the parties to the merger.

In the case of a division, the company's assets shall be divided accordingly. A balance sheet and an inventory of assets shall be prepared for the division. The company shall notify its creditors within 10 days from the date the division resolution is adopted, and shall make an announcement within 30 days in China Securities Journal, Securities Times, or via the National Enterprise Credit Information Publicity System. Debts incurred before the division shall be borne jointly and severally by the companies after the division, except where the company has entered into a written agreement with the creditors regarding debt repayment prior to the division.

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The company shall notify its creditors within 10 days from the date the shareholders’ meeting adopts the resolution to reduce the registered capital, and shall make an announcement within 30 days in China Securities Journal, Securities Times, or via the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received, demand that the company repay debts or provide corresponding guarantees.

Where the company issues new shares to increase its registered capital, shareholders shall not have preemptive subscription rights, unless otherwise provided in the Articles of Association or resolved by the shareholders’ meeting.

Where a merger or division involves modifications in registration particulars, such modifications shall be registered with the company registration authority in accordance with the law. Where the company is dissolved, it shall apply for cancellation of registration in accordance with the law. Where a new company is established, it shall apply for formation registration in accordance with the law.

Where the company increases or reduces its registered capital, it shall register the modifications with the company registration authority in accordance with the law.

Dissolution and Liquidation

The company shall be dissolved for any of the following reasons:

- (I) the expiration of the business term prescribed in the Articles of Association or the occurrence of any other dissolution event stipulated in the Articles of Association;
- (II) dissolution as resolved by the shareholders’ meeting;
- (III) dissolution due to a merger or division of the company;
- (IV) the company forfeits its business license, is ordered to close down, or is abolished in accordance with the law;
- (V) where the company encounters serious difficulties in its operations and management, and its continued existence would cause significant harm to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders individually or jointly holding more than 10% of the total voting rights of all shareholders may petition the people’s court to dissolve the company.

Where any of the dissolution events set forth in the preceding paragraph occurs, the company shall disclose the cause of dissolution via the National Enterprise Credit Information Publicity System within ten days.

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Where the company falls under the circumstances described in items (I) or (II) of Article 232 of the Articles of Association and has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or by resolution of the shareholders’ meeting.

An amendment to the Articles of Association or a resolution of the shareholders’ meeting in accordance with the preceding paragraph shall be passed by shareholders representing more than two-thirds of the voting rights of the shareholders attending the shareholders’ meeting.

Where the company is dissolved due to the circumstances stipulated in items (I), (II), (IV), or (V) of Article 232 of the Articles of Association, it shall be liquidated. The directors shall be the liquidation obligors of the company and shall establish a liquidation committee within 15 days from the date the dissolution event arises and commence liquidation. The liquidation committee shall be composed of directors, unless otherwise provided in the Articles of Association or otherwise resolved by the shareholders’ meeting. Where the liquidation obligors fail to perform their liquidation duties in a timely manner and cause losses to the company or its creditors, they shall be liable for compensation.

During the liquidation period, the liquidation committee shall exercise the following powers:

- (I) notifying or announcing to creditors;
- (II) verifying the company’s assets and preparing a balance sheet and an inventory of assets;
- (III) handling the company’s unfinished business related to the liquidation;
- (IV) paying taxes owed and taxes arising during the liquidation process;
- (V) verifying claims and debts;
- (VI) distributing any remaining assets of the company after debts have been repaid;
- (VII) representing the company in civil litigation proceedings.

The liquidation committee shall notify creditors within ten days from its establishment and shall make an announcement within sixty days in China Securities Journal, Securities Times, or via the National Enterprise Credit Information Publicity System. Creditors shall declare their claims to the liquidation committee within thirty days from the date of receiving the notice, or within forty-five days from the date of the announcement if the notice was not received. When declaring claims, creditors shall explain the details of their claims and provide supporting documents. The liquidation committee shall register the declared claims. During the claim declaration period, the liquidation committee shall not make any payments to creditors.

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Upon completing the verification of the company's assets and preparation of the balance sheet and the inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation. After settling liquidation expenses, employee wages, social insurance premiums, statutory compensations, taxes owed, and repaying the company's debts, the remaining assets of the company shall be distributed to shareholders in proportion to their shareholding. During the liquidation period, the company shall continue to exist but shall not conduct any business activities unrelated to the liquidation. The company's assets shall not be distributed to shareholders before the payments specified in the preceding paragraph have been made.

If, after verifying the company's assets and preparing the balance sheet and inventory of assets, the liquidation committee determines that the company's assets are insufficient to repay its debts, it shall apply to the people's court for bankruptcy liquidation. Upon acceptance of the bankruptcy application by the people's court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' meeting or the people's court for confirmation, and file an application with the company registration authority for the cancellation of registration, and announce the termination of the company.

If the company is declared bankrupt in accordance with the law, it shall undergo bankruptcy liquidation pursuant to the relevant laws on enterprise bankruptcy.

Amendment to the Articles of Association

Under any of the following circumstances, the company shall amend the Articles of Association:

- (I) where amendments to the Company Law or relevant laws, administrative regulations, or the securities regulatory rules of the stock exchange where the company's shares are listed result in inconsistencies with the provisions of the Articles of Association;
- (II) where changes in the company's circumstances result in inconsistencies with the matters recorded in the Articles of Association;
- (III) where the shareholders' meeting resolves to amend the Articles of Association.

Where an amendment to the Articles of Association adopted by resolution of the shareholders' meeting is subject to approval by the relevant competent authorities, such amendment shall be submitted for approval; where such amendment involves matters required to be registered, relevant modifications shall be registered in accordance with the law.

APPENDIX III**SUMMARY OF ARTICLES OF ASSOCIATION**

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting and the approval opinions of the relevant competent authorities.

Where the amendment to the Articles of Association involves information required to be disclosed under laws, administrative regulations, or the securities regulatory rules of the stock exchange where the company’s shares are listed, such information shall be announced in accordance with regulations.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation of our Company

Our Company was established as a limited liability company in the PRC on December 24, 2001 with the name Huizhou Jinda Electronics Co., Ltd. (惠州晉達電子有限公司) which was subsequently changed to Huizhou EVE Battery Co., Ltd. (惠州億緯電源科技有限公司), and was converted into a joint stock limited company on October 30, 2007, under the laws of the PRC. Since October 30, 2009, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code of 300014.

Our registered office is located at No. 38, Huifeng 7th Road, Zhongkai Hi-Tech Zone, Huizhou, Guangdong, PRC. Our principal place of business in Hong Kong is Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance and Ms. Fung Wai Sum will be our authorized representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix III to this Document. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in “Regulatory Overview.”

Changes in the Share Capital of our Company

Save as disclosed in the section headed “History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes” and the below, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

- A repurchase mandate for repurchase of A Shares for the purpose of our Company’s employee incentive schemes approved by 18th meeting of the sixth session of the Board on August 24, 2023. The repurchase mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. Between September 12, 2023 to October 11, 2023, the repurchase of A Shares was conducted under the repurchase mandate with a total of 3,189,561 A Shares pursuant to centralized bidding trading transactions at a range of RMB44.40 per A Share to RMB48.65 per A Share. Upon completion of the repurchase, the repurchased A Share were held under our Company stock repurchase account as treasury shares and do not carry any shareholders’ right, including but not limited to voting rights at Shareholders’ meeting and dividend rights.

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- A repurchase mandate for repurchase of A Shares for the purpose of our Company’s employee incentive schemes approved by 28th meeting of the sixth session of the Board on February 5, 2024. The repurchase mandate was valid for 12 months from the date of approval of the repurchase mandate by the Board. Between July 1, 2024 to January 17, 2025, the repurchase of A Shares was conducted under the repurchase mandate with a total of 2,251,380 A Shares pursuant to centralized bidding trading transactions at a range of RMB36.31 per A Share to RMB55.00 per A Share. Upon completion of the repurchase, the repurchased A Share were held under our Company stock repurchase account as treasury shares and do not carry any shareholders’ right, including but not limited to voting rights at Shareholders’ meeting and dividend rights.

Changes in the Share Capital of our Major Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants’ Report in Appendix I to this Document.

The following sets out the changes in the share capital of the Major Subsidiaries during the two years immediately preceding the date of this Document:

- On April 29, 2025, Qujing EVE Energy Co., Ltd. (曲靖億緯鋰能有限公司) increased its registered capital from RMB550 million to RMB1.05 billion.
- On March 17, 2025, EVE Asia Co., Ltd. (億緯亞洲有限公司) increased its issued share capital from US\$228.3 million to US \$409.5 million.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the Shareholders’ meeting on June 27, 2025, the following resolutions, among others, were duly passed:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (b) the number of H Shares to be issued before the exercise of the [REDACTED] shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED], and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED], and the authorization to the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Hong Kong Stock Exchange and relevant PRC regulatory authorities; and
- (d) authorization to the Board and its authorized person(s) to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares.

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FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this Document and is or may be material:

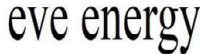
[REDACTED].

Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

Trademarks

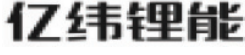
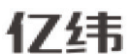
As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Registered trademark	Registered owner	Registration number	Place of registration
1 . . .		Company	74644153 74645931 13075137 8727355 8722473 8727400	PRC PRC PRC PRC PRC PRC
2 . .		Company	37245067	PRC
3 . . .		Company	74027217 74028680 74028685 74033838 74045417	PRC PRC PRC PRC PRC
4 . . .		Company	28337698 28342531	PRC PRC
5 . . .		Company	13820527 13821031 13820633 13821073 13820233	PRC PRC PRC PRC PRC
6 . . .		Company	67834652 67836493	PRC PRC

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No.	Registered trademark	Registered owner	Registration number	Place of registration
7 . . .		Company	2333468 840605757 405918 302009000242 018929123 M4279697 4517798 N287975 UK00004043765 2024-007912 95825 TM2022018658 1247885 P00358215 4-2023-525186 1182402 000730789 7248561 3657345 02422227 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 1182402 305602040	Australia Brazil Czech Republic Germany European Union Intellectual Property Office (EUIPO) Spain France Greece United Kingdom Kuwait Kazakhstan Malaysia New Zealand Peru Philippines Indonesia Portugal United States (Federal) United States (Federal) Taiwan, PRC United Arab Emirates Australia EUIPO United Kingdom Israel Japan Mexico Singapore Switzerland Russia Vietnam Hong Kong
8 . .		Company	02401670	Taiwan
9 . .		Company	02401669	Taiwan

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No.	Registered trademark	Registered owner	Registration number	Place of registration
10 . .		Company	N/221311	Macao
11 . .		Company	N/221312	Macao
12 . .		Company	2024 060856	Turkey
13 . .		Company	306483826	Hong Kong

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Applicant	Place of registration
1. . .		Company	Hong Kong
2. . .		Company	Hong Kong
3. . .		Company	Hong Kong

Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use following patents which we consider to be or may be material to our business, details of which are as follows:

No.	Patent description	Registered owner	Place of registration
1 . . .	A Method for Recycling and Reusing Anode Slurry of Lithium-ion Batteries	Jingmen EVE Innovation Energy Co., Ltd. (荊門億緯創能鋰電池有限公司)	PRC
2 . . .	A Method, Apparatus and Storage Medium for Defect Localization	Jingmen EVE Innovation Energy Co., Ltd. (荊門億緯創能鋰電池有限公司)	PRC
3 . . .	A Method for Recycling Gel Agglomerates or Solidified Gels Generated During Cathode Slurry Preparation	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
4 . . .	A Battery Cluster Bracket, Energy Storage Device and Containerized Energy Storage System	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
5 . . .	Marine Energy Storage System and Its Discharge Method	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
6 . . .	Marine Energy Storage System and Its Charging Method	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
7 . . .	Energy Storage Liquid Cooling System, High-Temperature Start-Up Method, Electronic Device and Storage Medium	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
8 . . .	Battery Module, Battery Pack, and Method for Adjusting the Binding Force of Battery Modules	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
9 . . .	Battery and Method for Regulating Battery Temperature	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
10 . . .	Dehumidification Method for Energy Storage Cabinets, Storage Medium and Energy Storage Cabinet	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
11 . . .	Method and Equipment for Preparing Dry Electrode Sheets	Company	PRC
12 . . .	Method for Internal Resistance Estimation, Battery Management System and Computer-Readable Medium	Company	PRC
13 . . .	Ultramicroporous Fluorine-Doped Hard Carbon Anode Material and Its Preparation Method	Company	PRC
14 . . .	A Silicon-Based Anode Electrolyte, Its Preparation Method and Lithium-ion Battery	Company	PRC
15 . . .	A Ternary Co-Doped Manganese Dioxide Material, Its Preparation Method and Applications	Company	PRC
16 . . .	A Composite Separator, Its Preparation Method and Sodium-ion Battery	Company	PRC
17 . . .	A Polyimide Composite Separator, Its Preparation Method and Sodium-ion Battery	Company	PRC
18 . . .	A Biomass-Based Hard Carbon Material, Its Preparation Method and Lithium-ion Battery	Company	PRC
19 . . .	A Polyurethane Foam Material for Cylindrical Battery Modules, Its Preparation Method and Applications	Company	PRC
20 . . .	A Hard Carbon Material, Its Preparation Method and Applications	Company	PRC

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No.	Patent description	Registered owner	Place of registration
21 . . .	A Sugar-Based Hard Carbon Material, Its Preparation Method and Applications	Company	PRC
22 . . .	A Cathode Material with a Mixed Conductor Coating Layer, Its Preparation Method and Applications	Company	PRC
23 . . .	A Method for Enhancing the High-Temperature Float Charging Performance of Lithium-ion Batteries and the Lithium-ion Battery	Company	PRC
24 . . .	A Primary Lithium Battery Cathode Active Material, Its Preparation Method and Applications	Company	PRC
25 . . .	A Graphene-Modified Silicon Anode Material, Its Preparation Method and Applications	Company	PRC
26 . . .	A Silicon–Carbon Composite Electrode Sheet, Its Preparation Method and Applications	Company	PRC
27 . . .	A Lithium-ion Battery Electrolyte and Lithium-ion Battery	Company	PRC
28 . . .	Coin Cell	Company	PRC
29 . . .	A Polyimide Composite Separator, Its Preparation Method and Lithium-ion Battery	Company	PRC
30 . . .	A Thermally Shut-Down Composite Separator, Its Preparation Method and Applications	Company	PRC
31 . . .	A Biomimetic Thermo-Sensitive Composite Separator and Its Preparation Method	Company	PRC
32 . . .	A Thermally Shut-Down Separator and Its Preparation Method and Applications	Company	PRC
33 . . .	A Method for Addressing Swelling in Wound-Type Battery Cells	Company	PRC
34 . . .	A Method for Preparing Lithium–Sulfur Battery Slurry, and the Resulting Slurry and Electrode Sheet	Company	PRC
35 . . .	An Electrolytic Copper Foil, Its Preparation Method and Lithium Battery	Company	PRC
36 . . .	A Method for Manufacturing Battery Electrodes, Battery Electrodes and Battery	Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
37 . . .	A Cathode Sheet and Lithium-ion Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
38 . . .	Battery Cell, Battery Module and Method for Manufacturing Battery Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
39 . . .	Battery and Its Assembly Method	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
40 . . .	A Lithium Supplementing Cathode, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
41 . . .	A Composite Cathode Material, Its Preparation Method and Lithium-ion Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent description	Registered owner	Place of registration
42 . . .	A Heat Dissipation Device and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
43 . . .	A Cooling Plate Assembly, Liquid-Cooled Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
44 . . .	A Battery Explosion-Proof Valve and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
45 . . .	An Air-Cooled Battery System	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
46 . . .	An Electrode Sheet, Its Preparation Method and Applications	Company	PRC
47 . . .	A Module Positioning Structure and Battery Module	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
48 . . .	Battery Liquid Cooling Structure, Battery Module and Battery Pack	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
49 . . .	A Method and Apparatus for Calculating Battery Cycle Life	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
50 . . .	A Blockchain-Based Method and Apparatus for Encrypting Battery Cell Data	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
51 . . .	Battery Assembly	Company, EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
52 . . .	Thermal Management System and Battery System	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
53 . . .	A Battery Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
54 . . .	A Demagnetization Method for Conductive Agents	Jingmen EVE Innovation Energy Co., Ltd. (荊門億緯創能鋰電池有限公司)	PRC
55 . . .	Laser Welding Assembly, Method and System for Detecting Laser Welding Defects	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
56 . . .	Method for Detecting the Full-Charge Process, Computer Device and Storage Medium	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
57 . . .	Method for Identifying Operating States of Energy Storage Systems, Computer Device and Storage Medium	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
58 . . .	A Sulfur Electrode Electrolyte and Lithium-Sulfur Battery	Company	PRC

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No.	Patent description	Registered owner	Place of registration
59 . . .	A Pre-Lithiated Anode, Its Preparation Method and Lithium-ion Battery	Company	PRC
60 . . .	A Lithium Metal Treatment Method and Its Applications	Company	PRC
61 . . .	A Modified Titanium-Based Anode Material, Its Preparation Method and Applications	Company	PRC
62 . . .	A Cathode Electrode Sheet, Its Preparation Method and Applications	Company	PRC
63 . . .	A Chemical Lithium Supplementation Device for Anode Sheets and the Supplementation Method	Company	PRC
64 . . .	A Single-Ion Conducting Polymer Electrolyte, Its Preparation Method and Applications	Company	PRC
65 . . .	An Organic Composite Cathode Material, Its Preparation Method and All-Solid-State Battery	Company	PRC
66 . . .	A Polysiloxane Solid Electrolyte, Solid-State Battery, and Their Preparation Method and Applications	Company	PRC
67 . . .	A Silicon–Carbon Anode Material with Artificial SEI Film, Its Preparation Method and Applications	Company	PRC
68 . . .	A Silicon Monoxide Anode Material with Artificial SEI Film, Its Preparation Method and Applications	Company	PRC
69 . . .	A Silicon-Based Composite Anode Material, Its Preparation Method and Electrochemical Energy Storage Device	Company	PRC
70 . . .	A Modified Ferrate-Based Cathode Material, Its Preparation Method and Lithium-ion Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
71 . . .	A Thick Lithium Iron Phosphate Electrode, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
72 . . .	A Cathode Electrode Sheet, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
73 . . .	A Modified Potassium Ferrate Material, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
74 . . .	A Boron-Doped Silicon Monoxide Anode Material, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
75 . . .	A Lithium Iron Phosphate Cathode Material, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
76 . . .	Constant-Voltage Formation Process for Lithium Batteries	EVE Energy Storage Company Limited (武漢億緯儲能有限公司), EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
77 . . .	An Anode Material, Its Preparation Method and Uses	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
78 . . .	Method, Device and Electronic Equipment for Predicting Cell Formation Discharge Capacity	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
79 . . .	An Alignment Tool for Liquid Injection Hole of Cylindrical Cells	Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
80 . . .	Performance Analysis Method for Energy Storage Systems and Related Equipment	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	PRC
81 . . .	A Fast-Charging Electrolyte and Battery Using the Same	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
82 . . .	A Water-Based Ceramic Slurry, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
83 . . .	A Modified Lithium Manganese Iron Phosphate Cathode Material, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
84 . . .	A Color-Developing Corrosive Solution, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
85 . . .	A Lithium Manganese Iron Phosphate Cathode Material, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
86 . . .	An Electrolyte, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
87 . . .	An Electrolyte, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
88 . . .	A Conductive Slurry, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
89 . . .	Drying Method for Lithium-Ion Batteries	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
90 . . .	Preparation Method for Zirconium-Doped Ternary Cathode Material, Ternary Cathode Material and Its Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
91 . . .	A Composite Cathode Material, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
92 . . .	Drying Device and Electrode Sheet Drying System	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
93 . . .	A Lithium-Sulfur Battery Cathode, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
94 . . .	A Core-Shell Structured Ternary Cathode Material, Its Preparation Method and Lithium-ion Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
95 . . .	A Core-Shell Composite Lithium-Silicon Alloy Lithium Supplement Additive, Its Preparation Method and Applications	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
96 . . .	A Method, Device and Equipment for Predicting Battery Cell Capacity	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
97 . . .	Method, Device, Battery System and Storage Medium for Battery Pack Balancing	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
98. . .	Pole Piece Processing Mechanism and Pole Piece Rolling Press	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
99. . .	Method for Correcting Remaining Charging Time, Battery System, and Storage Medium	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
100. . .	A Frame, A Battery Module, and A Method for Assembling the Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
101 . .	Battery Casing and Battery Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
102 . .	Top Cover Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
103 . .	Battery Electrode Sheet and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
104 . .	A Battery Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
105 . .	A Cover Plate Assembly and Battery Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
106 . .	Battery Top Cover and Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
107 . .	Cover Plate Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
108 . .	Cover Plate Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
109 . .	Top Cover Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
110 . .	Electrode Post, Top Cover Structure, Battery, Battery Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
111 . .	Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
112 . .	Battery Enclosure and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司), Company	PRC
113 . .	Secondary Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
114 . .	Top Cover Assembly, Battery Cell and Battery Cell Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
115 . .	A Power Battery Cover and Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
116 . .	A Self-Fusing Device for Battery Packs, Battery Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
117 . .	Battery Top Cover Insulator, Top Cover Assembly and Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
118 . .	Single Cell and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
119 . .	A Lower Plastic Component and Battery Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
120 . .	Battery Liquid Injection Device	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
121 . .	Battery and Electronic Device	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
122 . .	Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司), Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
123 . .	Battery Insulator, Top Cover Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
124 . .	Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
125 . .	Top Cover Structure and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
126 . .	Battery Cell, Battery Module and Vehicle	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
127 . .	Retaining Frame and Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司), Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
128 . .	Central Pin and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
129 . .	Battery Cell and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
130 . .	Battery Cell and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
131 . .	Battery Testing Device	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
132 . .	Battery Cover Plate Assembly, Battery and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司), Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
133 . .	Battery Shell, Single Cell and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
134 . .	A Retainer for Power Battery and Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
135 . .	Cover Plate Structure and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
136 . .	Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
137 . .	Battery and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
138 . .	Cover Plate Assembly and Battery Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
139 . .	Blue Film Debubbling Device	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
140 . .	Battery Disassembly Device	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
141 . .	Battery Cover Plate Assembly	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
142 . .	Top Cover Structure, Battery Cell and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
143 . .	Battery Cell Assembly and Single Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
144 . .	Lamination Battery Reinforcing Device and Lamination Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
145 . .	Current Collector and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
146 . .	A Battery Terminal Structure and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
147 . .	A Battery Cell, Battery Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
148 . .	A Cover Plate and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司), Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
149 . .	A Battery Cover Plate and Lithium Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
150 . .	A Detection Jig	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
151 . .	A Battery Cover Plate Assembly and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
152 . .	A Top Cover Assembly and Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
153 . .	A Battery Compression Testing Fixture	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
154 . .	Top Cover Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
155 . .	Battery Casing and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
156 . .	A Battery Top Cover and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
157 . .	Top Cover Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司), Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
158 . .	Single Cell and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
159 . .	A Battery Cover Plate and Single Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
160 . .	A Battery, Battery Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司), Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司)	PRC
161 . .	A Cap Assembly, Battery, Battery Module, Battery Pack and Vehicle	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
162 . .	A Composite Connection Tab, Battery and Vehicle	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
163 . .	PET Release Film Recycling Device	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
164 . .	A Power Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
165 . .	A Battery Cover Plate Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
166 . .	A Segmented Intermittent Coated Electrode Sheet and Bare Cell	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
167 . .	A Cell Cover Plate, Cell, Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
168 . .	A Holding Structure for Battery Tab and Connection Tab, and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
169 . .	A Current-Carrying Component and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
170 . .	Winding Needle, Battery and Power Device	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
171 . .	Cooling System and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
172 . .	A Battery Cover Plate and Lithium Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
173 . .	Heating Element Fixing Structure and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
174 . .	Top Cover Assembly and Battery	Huizhou EVE Power Co., Ltd. (惠州億緯動力電池有限公司), EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
175 . .	A Battery Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
176 . .	A Liquid Cooling Plate, Cooling System and Vehicle	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
177 . .	A Tray Structure for Battery Module, Battery Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
178 . .	A Liquid Cooling System and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
179 . .	A Battery Module with Heating Component	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
180 . .	A Heating Film, Battery Module and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
181 . .	A Detection Circuit	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
182 . .	A Battery Cover Plate Assembly, Cylindrical Battery and Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
183 . .	A Battery Module and Electric Vehicle	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
184 . .	A Cooling Plate Unit, Cooling Module and Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
185 . .	Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
186 . .	Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
187 . .	A Battery Cell Module and Battery System	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
188 . .	A Battery Cell Module and Battery System	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
189 . .	A Battery Cell Module and Battery System	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
190 . .	Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
191 . .	Energy Storage Platform	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
192 . .	Battery Enclosure	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
193 . .	Battery Cell Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

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No.	Patent description	Registered owner	Place of registration
194 . .	Battery Module and Battery Enclosure	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
195 . .	A Battery Module	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
196 . .	A BMS, BMS Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
197 . .	A Dual-Loop Liquid Cooling Battery System	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
198 . .	A Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
199 . .	A Multifunctional Tray Structure and Combined Battery Pack	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC
200 . .	A Top Cover Assembly and Battery	EVE Power Co., Ltd. (湖北億緯動力有限公司)	PRC

Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Software Name	Place of Registration	Registration No.
1 . . .	A Zero-Drift Compensation Algorithm Software for Battery Management System with Adaptive Current Sensor [Abbreviation: Zero-Drift Compensation Algorithm Software for BMS] V1.0	PRC	2023SR0346326
2 . . .	Integrated Control System for Cylindrical Pouch-Type Fully Automatic Packaging Machine V1.0	PRC	2020SR1837637
3 . . .	EVEICR1254 Huizhou Jinyuan Intelligent Robot Co., Ltd. Positive Electrode Welding System [Abbreviation: Positive Electrode Welding System] V1.0	PRC	2020SR1888136
4 . . .	Front-End Integrated Control System for JY-759 Vacuum Sealing Machine V1.0	PRC	2022SR0097253
5 . . .	EVE Power Distribution Inspection System [Abbreviation: Power Distribution Inspection System] V1.0	PRC	2021SR1192384

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No.	Software Name	Place of Registration	Registration No.
6 . . .	Industrial Equipment Data Acquisition System [Abbreviation: Equipment Data Acquisition] V1.0	PRC	2021SR1192385
7 . . .	Data Inspection System Based on Intelligent Manufacturing [Abbreviation: Data Inspection System] V1.0	PRC	2019SR1144628
8 . . .	Digital Workshop Kanban System for Intelligent Manufacturing [Abbreviation: Kanban System] V1.0	PRC	2020SR0656320
9 . . .	EVE 48V BMS Data Monitoring, Parameter Configuration and Online Upgrade System V1.0	PRC	2022SR1083220
10 . .	EVE 1,500V BMS Software	PRC	2022SR1083223
11 . .	EVE Shipboard Energy Storage BMS Display Real-Time Monitoring Software	PRC	2022SR1083224
12 . .	High-Voltage Data Acquisition Software for Kilovolt-Level BMS	PRC	2023SR0704466
13 . .	HPPC Parameter Identification Software Based on Equivalent Circuit Model	PRC	2023SR0600336
14 . .	Battery Parameter Acquisition Software for Energy Storage System	PRC	2023SR0600335
15 . .	Parameter Calibration and Monitoring Software Based on XCP Protocol [Abbreviation: XCM Tool] V1.0	PRC	2023SR1090508
16 . .	Warehouse Logistics Information Management System [Abbreviation: EWMS] V1.0	PRC	2023SR0911718
17 . .	Environmental Monitoring and Automatic Control System V1.0	PRC	2023SR0956937
18 . .	Lithium Battery Life Simulation Software [Abbreviation: Life Simulation] V1.0	PRC	2023SR1059288
19 . .	EVE National Standard Simulation Software for Chargers [Abbreviation: GBT_Simulation] V1.0	PRC	2023SR1057990
20 . .	Data Detection System for JY-950-4 Positive Terminal Welding Machine V1.0	PRC	2024SR0852281
21 . .	Integrated Control System for JY-984-3 Cell Insertion Welding Machine V1.0	PRC	2024SR0852534
22 . .	Equipment Data Monitoring System for JY-952-2G Automated Warehouse V1.0	PRC	2024SR0526406

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No.	Software Name	Place of Registration	Registration No.
23 . .	Digital Service Management Platform for Plant Engineering [Abbreviation: Administrative Digitalization] V1.0	PRC	2024SR1010629
24 . .	Battery Power Meter Calculation Software [Abbreviation: Power MAP] V1.0	PRC	2024SR1095109
25 . .	Battery Warranty Calculation Software [Abbreviation: Warranty Evaluation] V1.0	PRC	2024SR0834403
26 . .	EVE Automatic Code Generation Software Based on arxml [Abbreviation: XCOM] V1.4.7	PRC	2024SR0983749
27 . .	EVE Simulation Software Based on CAN Communication [Abbreviation: STS] V1.0.0	PRC	2024SR0983091
28 . .	Traceability System V1.0	PRC	2024SR0983827
29 . .	A Cloud-Based Data Visualization and Analysis Software Platform V1.0	PRC	2024SR1848225

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Expiry date
1 . . .	eveportal.com	Company	January 23, 2026
2 . . .	evebattery.com	Company	March 1, 2026
3 . . .	evemall.com	Company	November 22, 2026
4 . . .	evepower.com	EVE Power Co., Ltd. (湖北億緯動力有限公司)	January 16, 2026
5 . . .	evejy.com	Huizhou Jinyuan Intelligent Robot Co., Ltd. (惠州金源智能機器人有限公司)	May 30, 2026
6 . . .	eveenergystorage.com	EVE Energy Storage Company Limited (武漢億緯儲能有限公司)	December 18, 2025
7 . . .	batterycradle.com	Company	April 11, 2026
8 . . .	evebatterycloud.com	Company	July 4, 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

Interests of our Directors and chief executive in the Company and our associated corporations

Save as disclosed below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds), so far as our Directors are aware, none of our Directors, and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Name	Nature of interest	Description of Shares	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the A Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds) ⁽²⁾	Approximate percentage of shareholding in the total share capital immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds) ⁽²⁾
				(%)	(%)
Directors					
Dr. Liu	Beneficial owner	A Shares	77,430,681	[REDACTED]	[REDACTED]
	Interest of spouse	A Shares	82,649,082	[REDACTED]	[REDACTED]
	Interests through controlled corporation	A Shares	655,064,787	[REDACTED]	[REDACTED]
Mr. Liu Jianhua (劉建華) ⁽³⁾	Beneficial owner	A Shares	22,212,751	[REDACTED]	[REDACTED]
Ms. Jiang Min (江敏) ⁽⁴⁾	Beneficial owner	A Shares	882,038	[REDACTED]	[REDACTED]
Ms. Zhu Yuan (祝媛)	Beneficial owner	A Shares	270	[REDACTED]	[REDACTED]
Dr. Ai Xinping (艾新平) ⁽⁵⁾	Beneficial owner	A Shares	409,914	[REDACTED]	[REDACTED]

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Notes:

- (1) All interests stated are long positions in the Shares.
- (2) The calculation is based on the total number of [REDACTED] A Shares and [REDACTED] H Shares in issue immediately after completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no further A Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds.
- (3) Out of the 22,212,751 A Shares, Mr. Liu Jianhua (劉建華) has been granted outstanding Share Incentives for 1,567,825 A Shares under the Employee Incentive Plans and is entitled to 913,533 A Shares upon conversion of the 2025 Convertible Bonds held by him in the principal amount of RMB46,489,700.
- (4) Out of the 882,038 A Shares, Ms. Jiang Min (江敏) has been granted outstanding Share Incentives for 844,100 A Shares under the Employee Incentive Plans.
- (5) Out of the 409,914 A Shares, Dr. Ai Xinping (艾新平) has been granted outstanding Share Incentives for 237,150 A Shares under the Employee Incentive Plans.

Interests of the substantial shareholders in the Shares

Save as disclosed in “Substantial Shareholders”, immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholders in other members of our Group

Name of the subsidiary	Name of the shareholder	Percentage of interest in the subsidiary
Huizhou EVE United Energy Co., Ltd. (惠州億緯集能有限公司)	SK On Co., Ltd. ⁽¹⁾	49%
Yunnan Yijie Lithium Industry Co., Ltd. (雲南億捷鋰業有限公司)	Yunnan Energy New Materials Technology Co., Ltd. (雲南恩捷新材料股份有限公司) ⁽²⁾	45%
Huizhou Risheng New Energy Co., Ltd. (惠州日盛新能源有限公司)	Shenzhen Kubo Energy Co., Ltd. (深圳庫博能源股份有限公司) ⁽³⁾	10%
Jinhai Lithium Industry (Qinghai) Co., Ltd. (金海鋰業(青海)有限公司)	Jin Kun Lun Lithium Industry Co., Ltd. (金昆倫鋰業有限公司) ⁽⁴⁾	20%
Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司).	Jiangsu Linyang Energy Co., Ltd. (江蘇林洋能源股份有限公司) ⁽⁵⁾	35%

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Notes:

- (1) SK On Co., Ltd. is the minority shareholder of Huizhou EVE United Energy Co., Ltd. (惠州億緯集能有限公司), a subsidiary in the PRC held by our Company as to 51%. As of the date of this Document, the ultimate beneficial owner of SK On Co., Ltd. is SK Innovation Co., Ltd., a company listed on the Korea Stock Exchange (stock code: 096770).
- (2) Yunnan Energy New Materials Technology Co., Ltd. (雲南恩捷新材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002812) is the minority shareholder of Yunnan Yijie Lithium Industry Co., Ltd. (雲南億捷鋰業有限公司), a subsidiary in the PRC held by our Company as to 55%. As of the date of this Document, the largest shareholder of Yunnan Energy New Materials Technology Co., Ltd. (雲南恩捷新材料股份有限公司) is Mr. Paul Xiaoming Lee.
- (3) Shenzhen Kubo Energy Co., Ltd. (深圳庫博能源股份有限公司) is the minority shareholder of Huizhou Risheng New Energy Co., Ltd. (惠州日盛新能源有限公司), a subsidiary in the PRC held by our Company as to 90%. As of the date of this Document, the ultimate beneficial owner of Shenzhen Kubo Energy Co., Ltd. (深圳庫博能源股份有限公司) is Mr. Men Kun (門錕).
- (4) Jin Kun Lun Lithium Industry Co., Ltd. (金昆倫鋰業有限公司) is the minority shareholder of Jinhai Lithium Industry (Qinghai) Co., Ltd. (金海鋰業(青海)有限公司), a subsidiary in the PRC held by our Company as to 80%. As of the date of this Document, Jin Kun Lun Lithium Industry Co., Ltd. (金昆倫鋰業有限公司) is held as to 28.13% by our Company and 36.66% by Da Qaidam Dahua Chemical Co., Ltd. (大柴旦大華化工有限公司), a company held as to 5% by our Company and 59.73% by Mr. Zhao Penlong (趙朋龍).
- (5) Jiangsu Linyang Energy Co., Ltd. (江蘇林洋能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601222), is the minority shareholder of Jiangsu EVE Linyang Energy Storage Technology Co., Ltd. (江蘇億緯林洋儲能技術有限公司), a subsidiary in the PRC held by our Company as to 65%. As of the date of this Document, the ultimate beneficial owner of Jiangsu Linyang Energy Co., Ltd. (江蘇林洋能源股份有限公司) is Mr. Lu Yonghua (陸永華).

So far as set out above and save as disclosed in the Document, our Directors are not aware of any persons (other than our Directors or chief executive) will, immediately following the completion of the [REDACTED], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

Particulars of Directors’ Service Contracts

Each of the Directors [has] entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors in their respective capacities as Directors or (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 10 to the Accountants’ Report set out in Appendix I to this Document for the three years ended December 31, 2024, none of our Directors received other remunerations of benefits in kind from us.

APPENDIX IV

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Disclaimers

- (a) save as disclosed in the section headed “Substantial Shareholders” in this Document and this section, none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Stock Exchange;
- (b) save as disclosed in the section headed “Substantial Shareholders” in this Document, none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group for each year/period during the Track Record Period; and
- (d) none of our Directors or any of the parties listed in “Qualifications of Experts” of this Appendix is:
 - i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

EMPLOYEE INCENTIVE PLANS

1. Employee Incentive Plan Phase 3

Summary

As of the date of this Document, our Company has granted outstanding RSUs under the Employee Incentive Plan Phase 3 to 1,239 Grantees for an aggregate of 3,478,333 A Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds). Among the outstanding RSUs, 2 Directors (Mr. Liu Jianhua (劉建華) and Ms. Jiang Min (江敏)), 5 connected persons, and 1,232 RSUs Grantees who are employees of our Company but not Directors, senior management members, or connected persons of the Company, were granted RSUs for 17,575 A Shares, 33,025 A Shares and 3,427,733 A Shares, respectively. Save as aforementioned, no RSUs were granted to any other Directors, senior management members or connected persons of our Company under the Employee Incentive Plan Phase 3. No RSUs under the Employee Incentive Plan Phase 3 will be further granted after [REDACTED], and all RSUs have been granted to specific individuals under the Employee Incentive Plan Phase 3.

The following is a summary of the principal terms of the Employee Incentive Plan Phase 3.

(a) Purpose

To motivate key employees at the Company by aligning their interests with the Company’s long-term success, the plan aims to attract and retain talent, enhance their commitment to achieving Company goals, and drive sustainable growth by linking compensation to specific performance metrics and continued employment.

(b) Type of Awards

The Employee Incentive Plan Phase 3 provides for awards of RSUs.

(c) Scope of Participants

Directors, senior management, senior and middle management, core technical staff and other key employees (including those at the subsidiary level but excluding the independent directors and supervisors). The Remuneration and Evaluation Committee would nominate a list of names who fall within the scope of the incentive targets under the Employee Incentive Plan Phase 3, which would then be verified and approved by the supervisory committee of the Company.

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(d) Administration

The Shareholders’ meeting holds ultimate authority, approving the plan’s implementation, amendments, and termination whilst the Board executes the plan, managing grant allocation and vesting processes, and can authorize a committee for specific tasks.

(e) Source of Shares

The source of the underlying Shares of the Employee Incentive Plan Phase 3 shall be A Shares of the Company repurchased from the secondary market and/or A Shares issued by the Company to the incentive recipients.

(f) Maximum Number of Shares

The number of A Shares under the Employee Incentive Plan Phase 3 shall not exceed 17,600,000 Shares, accounting for 0.93% of the total share capital of the Company on the date of publication of the plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 20% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the Employee Incentive Plan Phase 3 shall not exceed 1% of the total outstanding share capital of our Company.

(g) Term

The Employee Incentive Plan Phase 3 has a term of 60 months, beginning from the grant date until all RSUs are vested or invalidated, as determined by the Shareholders’ meeting. The plan will end if not extended after this term. Early termination is possible once all shares are sold/transferred and monetary assets settled.

(h) Vesting Period

The RSUs vest over four periods, with 25% vesting at the end of each year following the grant date, contingent upon meeting both company performance targets (revenue) and individual performance evaluations. The relevant Grantees must maintain continuous employment throughout the vesting period.

(i) Purchase Price

The initial purchase price of the RSUs granted under the Employee Incentive Plan Phase 3 is RMB76 per A Share. The purchase price will be adjusted upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Employee Incentive Plan 4

Summary

As of the date of this Document, our Company has granted outstanding RSUs under the Employee Incentive Plan 4 to 211 Grantees for an aggregate of 16,644,050 A Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds). Among the outstanding RSUs, 3 Directors (Mr. Liu Jianhua (劉建華), Ms. Jiang Min (江敏) and Dr. Ai Xinping (艾新平)), 3 connected persons, and 205 RSUs Grantees who are employees of our Company but not Directors, senior management members, or connected persons of the Company, were granted RSUs for 596,500 A Shares, 475,900 A Shares and 15,571,650 A Shares, respectively. Save as aforementioned, no RSUs were granted to any other Directors, senior management members or connected persons of our Company under the Employee Incentive Plan Phase 4. No RSUs under the Employee Incentive Plan Phase 4 will be further granted after [REDACTED], and all RSUs have been granted to specific individuals under the Employee Incentive Plan Phase 4.

The following is a summary of the principal terms of the Employee Incentive Plan Phase 4.

(a) Purpose

For details, see “— Employee Incentive Plan Phase 3 — Purpose” in this section.

(b) Type of Awards

The Employee Incentive Plan Phase 4 provides for awards of RSUs.

(c) Scope of Participants

Directors, senior management, senior and middle management, and other key employees (including those at the subsidiary level but excluding the independent director, supervisors and shareholders holding more than 5% or more interests in the Company). The Remuneration and Evaluation Committee would nominate a list of names who fall within the scope of the incentive targets under the Employee Incentive Plan Phase 4, which would then be verified and approved by the supervisory committee of the Company.

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(d) Administration

For details, see “— Employee Incentive Plan Phase 3 — Administration” in this section.

(e) Source of Shares

The source of the underlying Shares of the Employee Incentive Plan 4 shall be A Shares of the Company issued by the Company to the incentive recipients.

(f) Maximum Number of Shares

The number of A Shares under the Employee Incentive Plan Phase 4 shall not exceed 35,000,000 Shares, accounting for 1.71% of the total share capital of the Company on the date of publication of the plan. Of this total, 30,000,000 Shares were designated for the initial grant and 5,000,000 shares were held in reserve for future grants as of the date of publication. The total number of A Shares involved with all incentive plans of the Company shall not exceed 20% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the Employee Incentive Plan Phase 4 shall not exceed 1% of the total outstanding share capital of our Company.

(g) Term

The Employee Incentive Plan Phase 4 has a term of 60 months, beginning from the grant date until all RSUs are vested or invalidated, as determined by the Shareholders’ meeting. The 5,000,000 reserved shares will be allocated within 12 months of shareholder approval. The plan will end if not extended after this term. Early termination is possible once all shares are sold/transferred and monetary assets settled.

(h) Vesting Period

The RSUs vest over four periods, with 25% vesting at the end of each year following the grant date, contingent upon meeting both Company performance targets (revenue) and individual performance evaluations. For the initial grant of shares, these vesting requirements apply immediately.

(i) Purchase Price

The initial purchase price of the RSUs granted under the Employee Incentive Plan Phase 4 is RMB41.07 per A Share or RMB41.23 per A Share. For details of adjustment, see “— Employee Incentive Plan Phase 3 — Purchase Price” in this section.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

3. Employee Incentive Plan Phase 6

Summary

As of the date of this Document, our Company has granted outstanding RSUs under the Employee Incentive Plan Phase 6 to 606 Grantees for an aggregate of 69,264,000 A Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds). Among the outstanding RSUs, 2 Directors (Mr. Liu Jianhua (劉建華) and Ms. Jiang Min (江敏)), 5 connected persons and 599 Grantees, who are employees of our Company but not Directors, senior management members or connected persons of the Company, were granted RSUs for 1,520,000 A Shares, 2,637,000 A Shares and 65,107,000 A Shares, respectively. Save as aforementioned, no RSUs were granted to any other Directors, senior management members or connected persons of our Company under the Employee Incentive Plan Phase 6. No RSUs under the Employee Incentive Plan Phase 6 will be further granted after [REDACTED], and all RSUs have been granted to specific individuals under the Employee Incentive Plan Phase 6.

The following is a summary of the principal terms of the Employee Incentive Plan Phase 6.

(a) Purpose

For details, see “— Employee Incentive Plan Phase 3 — Purpose” in this section.

(b) Type of Awards

The Employee Incentive Plan Phase 6 provides for awards of RSUs.

(c) Scope of Participants

For details, see “— Employee Incentive Plan Phase 4 — Scope of Participants” in this section.

(d) Administration

For details, see “— Employee Incentive Plan Phase 3 — Administration” in this section.

(e) Source of Shares

For details, see “— Employee Incentive Plan Phase 3 — Source of Shares” in this section.

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(f) Maximum Number of Shares

The number of A Shares under the Employee Incentive Plan Phase 6 shall not exceed 70,650,000 Shares, accounting for 3.45% of the total share capital of the Company on the date of publication of the plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 20% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the Employee Incentive Plan Phase 6 shall not exceed 1% of the total outstanding share capital of our Company.

(g) Term

The Employee Incentive Plan Phase 6 has a term of 36 months, beginning from the grant date until all RSUs are vested or invalidated, as determined by the Shareholders’ meeting.

(h) Vesting Period

The RSUs vest over two periods, with 50% vesting at the end of each year following the grant date, contingent upon meeting both Company performance targets (shipment volume) and individual performance evaluations. For the initial grant of shares, these vesting requirements apply immediately.

(i) Purchase Price

The initial purchase price of the RSUs granted under the Employee Incentive Plan Phase 6 is RMB22.76 per A Share. For details of adjustment, see “— Employee Incentive Plan Phase 3 — Purchase Price” in this section.

4. Employee Incentive Plan 5

Summary

As of the date of this Document, our Company has granted outstanding Options under the Employee Incentive Plan Phase 5 to 42 Grantees for an aggregate of 3,501,000 A Shares, representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds). Among the outstanding Options, 3 Directors (Mr. Liu Jianhua (劉建華), Ms. Jiang Min (江敏) and Dr. Ai Xinping (艾新平), 2 connected persons and 37 Grantees, who are employees of our Company but not Directors, senior management members or connected persons of the Company, were granted Options for 515,000 A Shares, 140,000 A Shares and 2,846,000 A Shares, respectively. Save as aforementioned, no Options were granted to any other Directors, senior management members or connected persons of our

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Company under the Employee Incentive Plan Phase 5. No Options under the Employee Incentive Plan Phase 5 will be further granted after [REDACTED], and all Options have been granted to specific individuals under the Employee Incentive Plan Phase 5.

The following is a summary of the principal terms of the Employee Incentive Plan Phase 5.

(a) Purpose

For details, see “— Employee Incentive Plan Phase 3 — Purpose” in this section.

(b) Type of Awards

The Employee Incentive Plan Phase 5 provides for awards of share options.

(c) Scope of Participants

For details, see “— Employee Incentive Plan Phase 4 — Scope of Participants” in this section.

(d) Administration

For details, see “— Employee Incentive Plan Phase 3 — Administration” in this section.

(e) Source of Shares

For details, see “— Employee Incentive Plan Phase 3 — Source of Shares” in this section.

(f) Maximum Number of Shares

The total number of options of the Employee Incentive Plan Phase 5 is 7,250,000, representing 7,250,000 A Shares accounting for 0.35% of the total A Shares in issue on the date of publication of this plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 20% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the Employee Incentive Plan Phase 5 shall not exceed 1% of the total outstanding share capital of our Company.

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STATUTORY AND GENERAL INFORMATION

(g) Date of Grant

Following the Shareholders’ meeting for approving the Employee Incentive Plan Phase 5, the Board will convene to grant options to incentive recipients, completing registration, announcement, and procedures within 60 days from fulfilling any conditions precedent. Any options must be authorized by the Board within 12 months of the Shareholders’ meeting, with the authorization date being a trading day.

(h) Exercise Period

The exercise period for the options is divided into two tranches, beginning from the grant date:

- (i) First Exercise Period: From 18 months after the grant date until the last trading day within 30 months of the grant date, allowing for 50% of the options to exercise.
- (ii) Second Exercise Period: From 30 months after the grant date until the last trading day within 42 months of the grant date, allowing for the remaining 50% of the options to exercise.

After the exercise period, the options granted under the Employee Incentive Plan Phase 5 are exercisable on a trading day, other than: (i) within thirty days before the publication of the Company’s annual report or interim report, or if the publication is postponed, within thirty days before the original scheduled publication date; (ii) within ten days prior to the publication of the Company’s quarterly report, earnings forecast and preliminary results; (iii) within the period from the date of occurrence of a significant event that may have a significant impact on the trading price of the Company’s A Shares and its derivatives or the date of entering the decision-making process to the date of disclosure in accordance with the law; and (iv) other periods stipulated by CSRC and Shenzhen Stock Exchange.

(i) Exercise Price

The initial exercise price of the options granted under the Employee Incentive Plan Phase 5 is RMB70 per A Share. For details of adjustment, see “— Employee Incentive Plan Phase 3 — Purchase Price” in this section.

We have applied to the Stock Exchange and the SFC, respectively, for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) an exemption under section 342 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. For more details, see “Waivers and Exemption — Waiver and Exemption in relation to the Employee Incentive Plans”.

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Outstanding Share Incentives Granted

Details of the outstanding Share Incentives granted as of the Latest Practicable Date are set out below:

Name	Address	Position	Date of Grant	Number of Outstanding Share Incentives	Purchase price/exercise price per A Share	Name of the Share Incentives Plan	Approximate Percentage in the Issued Shares Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds)
Directors							
Mr. Liu Jianhua (劉建華)	Room 2401, Building T2	Executive Director and president	December 3, 2021	10,075	76	Employee Incentive Plan Phase 3	[REDACTED]%
	Longhu Bay		March 14, 2023	291,750	41.23	Employee Incentive Plan Phase 4	
	No. 88 Huisha Di 2nd Road		December 25, 2023	300,000	70	Employee Incentive Plan Phase 5	
	Henan Bank		October 24, 2024	966,000	22.76	Employee Incentive Plan Phase 6	
	Huicheng District Huizhou, Guangdong PRC						
Ms. Jiang Min (江敏)	Room No. 4, 2nd Floor, Unit 2, Building 6, Yonghe Yuan, No. 1 Fu An Road, Huicheng District, Huizhou, Guangdong, PRC	Executive Director, vice president, Board secretary, and financial controller	December 3, 2021	7,500	76	Employee Incentive Plan Phase 3	[REDACTED]%
			March 14, 2023	175,100	41.23	Employee Incentive Plan 4	
			December 25, 2023	107,500	70	Employee Incentive Plan 5	
			October 24, 2024	554,000	22.76	Employee Incentive Plan Phase 6	

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Name	Address	Position	Date of Grant	Number of Outstanding Share Incentives	Purchase price/exercise price per A Share	Name of the Share Incentives Plan	Approximate Percentage in the Issued Shares Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds)
Dr. Ai Xinping (艾新平)	A-2-904, Yin Hai Yayuan, Guangba Road, Hongshan District, Wuhan, Hubei, PRC	Non-executive Director	March 14, 2023	129,650	41.23	Employee Incentive Plan Phase 4	[REDACTED]%
			December 25, 2023	107,500	70	Employee Incentive Plan Phase 5	
Connected Persons <i>(Note)</i> 7 grantees. –		Senior management level personnels of subsidiaries or employees	December 3, 2021	33,025	76	Employee Incentive Plan Phase 3	[REDACTED]%
			March 14, 2023;	475,900	41.07 or 41.23	Employee Incentive Plan Phase 4	[REDACTED]%
			September 25, 2023				
			December 25, 2023	140,000	70	Employee Incentive Plan Phase 5	[REDACTED]%
			October 24, 2024	2,637,000	22.76	Employee Incentive Plan Phase 6	[REDACTED]%

Note: The relevant connected persons are director and/or general manager of our subsidiaries, or associate of our Director.

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Other grantees ⁽¹⁾	Purchase price/ exercise price per A Share	Number of Outstanding Share Incentives	Date of Grant	Name of the Employee Incentive Plan	Approximate Percentage in the Issued Shares Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds)
	(RMB)				
1,400 grantees . . .	76	3,427,733	December 3, 2021	Employee Incentive Plan Phase 3	[REDACTED]%
	41.07 or 41.23	15,571,650	March 14, 2023; September 25, 2023	Employee Incentive Plan Phase 4	[REDACTED]%
	70	2,846,000	December 25, 2023	Employee Incentive Plan Phase 5	[REDACTED]%
	22.76	65,107,000	October 24, 2024	Employee Incentive Plan Phase 6	[REDACTED]%

Notes:

- (1) None of these grantees is a Director, senior management, consultant or connected persons of the Company.
- (2) The Company may issue further shares for the purpose of satisfying the outstanding Share Incentives upon their vesting/exercise, within six months from the [REDACTED] pursuant to Rule 10.08(4) of the Listing Rules.
- (3) For details of vesting schedule under each of the Employee Incentive Plans, please refer to “Employee Incentive Plans” in this section.

Assuming full vesting/exercise of all outstanding Share Incentives, the shareholding of our Shareholders immediately following completion of the [REDACTED] ((assuming the [REDACTED] is not exercised and no new Shares are issued under the Employee Incentive Plans, and excluding any A Shares issuable upon conversion of the outstanding 2025 Convertible Bonds) will be diluted by approximately [REDACTED]%).

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STOCK OWNERSHIP PLANS

1. Eighth Employee Stock Ownership Plan

The following is a summary of the principal terms of the eighth stock ownership plan (the “**Eighth Employee Stock Ownership Plan**”) adopted in June 2021, pursuant to which the employees are entitled to the interest in A Shares of the Company through participation in the plan. Given no further shares will be granted under the Eighth Employee Stock Ownership Plan after the [REDACTED] and it does not involve any outstanding share incentive, the terms of the Eighth Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose and administration

The purpose of the Eighth Employee Stock Ownership Plan is to enhance employee cohesion and company competitiveness, and to attract and retain management personnel and core members.

The holders’ meeting is the highest authority of the Eighth Employee Stock Ownership and consists of all participants of the plan. All participants have the right to attend the holders’ meeting and exercise their voting rights according to their shares in the plan. The holders’ meeting of the Eighth Employee Stock Ownership Plan elects a management committee to represent the plan in exercising shareholder rights. The holders’ meeting authorized the management committee to be responsible for specific management matters including exercising shareholder rights.

(ii) Participants and Shares Involved

Upon adoption of the plan, a total of 279 participants participated in the Eighth Employee Stock Ownership Plan, and employees were eligible participants. As of December 31, 2024, 252 participants were remaining. Among which, Dr. Liu, Mr. Liu Jianhua, Ms. Jiang Min and the five other the then supervisors or senior management of the Company were the participants, representing 2.87% of the total subscription amount of all participants.

Participants who meet the conditions participated in this employee stock ownership plan on a voluntary basis, in accordance with legal compliance bearing their own risks, and raising their own funds.

The source of the Shares for the Eighth Employee Stock Ownership Plan was 558,000 previously repurchased A Shares transferred out of treasury by the Company at the transfer price of RMB72.97 per A Share in July 2021, representing 0.027% of the total issued share capital of the Company as at the Latest Practicable Date. The total number of Shares corresponding to the equity obtained by a single employee was no more than 1% of the Company’s total issued share capital.

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(iii) Lock-up Period and Duration of the Eighth Employee Stock Ownership Plan

The lock-up period for the A Shares obtained under, and the duration of, the Eighth Employee Stock Ownership Plan was 12 months and 24 months (subject to extension), respectively, from the registration date of the A Shares under the plan. The lock-up period has expired on July 11, 2022 and the expiry date of the Eighth Employee Stock Ownership Plan will be June 9, 2026. The duration of the Eighth Employee Stock Ownership Plan may be extended two months before the expiry date, after approval at the holders’ meeting and Board meeting.

2. Ninth Employee Stock Ownership Plan

The following is a summary of the principal terms of the ninth stock ownership plan (the “**Ninth Employee Stock Ownership Plan**”) adopted in March 2022 and amended in August 2022, pursuant to which the employees are entitled to the interest in A Shares of the Company through participation in the plan. Given no further shares will be granted under the Ninth Employee Stock Ownership Plan after the [REDACTED] and it does not involve any outstanding share incentive, the terms of the Ninth Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose and administration

For details, see “— Eighth Employee Stock Ownership Plan — Purpose and administration” in this section.

(ii) Participants and Shares Involved

Upon adoption of the plan, a total of no more than 3,300 participants participated in the Ninth Employee Stock Ownership Plan, and employees were eligible participants. As of December 31, 2024, 1,119 participants were remaining. None of the participants were Directors, supervisors and senior management of the Company.

Participants who meet the conditions participated in this employee stock ownership plan on a voluntary basis, in accordance with legal compliance bearing their own risks, and raising their own funds.

The source of the Shares for the Ninth Employee Stock Ownership Plan was 776,900 A Shares acquired by the Company in the public market at the price of RMB85.39 per A Share by the Company in September 2022, representing 0.038% of the total issued share capital of the Company as at the Latest Practicable Date. The total number of Shares corresponding to the equity obtained by a single employee was no more than 1% of the Company’s total issued share capital.

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(iii) Lock-up Period and Duration of the Ninth Employee Stock Ownership Plan

The lock-up period for the A Shares obtained under, and the duration of, the Ninth Employee Stock Ownership Plan was 12 months and 24 months (subject to extension), respectively, from the registration date of the A Shares under the plan. The lock-up period has expired on September 21, 2023 and the expiry date of the Ninth Employee Stock Ownership Plan will be March 27, 2026. The duration of the Ninth Employee Stock Ownership Plan may be extended two months before the expiry date, after approval at the holders’ meeting and Board meeting.

3. Tenth Employee Stock Ownership Plan

The following is a summary of the principal terms of the tenth stock ownership plan (the “**Tenth Employee Stock Ownership Plan**”) adopted in October 2023, pursuant to which the employees are entitled to the interest in A Shares of the Company through participation in the plan. Given no further shares will be granted under the Tenth Employee Stock Ownership Plan after the [REDACTED] and it does not involve any outstanding share incentive, the terms of the Tenth Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose and administration

For details, see “— Eighth Employee Stock Ownership Plan — Purpose and administration” in this section.

(ii) Participants and Shares Involved

Upon adoption of the plan, a total of no more than 262 participants participated in the Tenth Employee Stock Ownership Plan, and employees were eligible participants. As of December 31, 2024, 142 participants were remaining. Among which, Mr. Liu Jianhua, Ms. Jiang Min, Ms. Zhu Yuan and the four other the then supervisors or senior management of the Company were the participants, representing 2.67% of the total subscription amount of all participants.

Participants who meet the conditions participated in this employee stock ownership plan on a voluntary basis, in accordance with legal compliance bearing their own risks, and raising their own funds.

The source of the Shares for the Tenth Employee Stock Ownership Plan was 1,173,000 previously repurchased A Shares transferred out of treasury by the Company at the transfer price of RMB45.03 per A Share in December 2023, representing 0.057% of the total issued share capital of the Company as at the Latest Practicable Date. The total number of Shares corresponding to the equity obtained by a single employee was no more than 1% of the Company’s total issued share capital.

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(iii) Lock-up Period and Duration of the Tenth Employee Stock Ownership Plan

The lock-up period for the A Shares obtained under, and the duration of, the Tenth Employee Stock Ownership Plan was 12 months and 24 months (subject to extension), respectively, from the registration date of the A Shares under the plan. The lock-up period has expired on December 25, 2024 and the expiry date of the Tenth Employee Stock Ownership Plan will be November 5, 2025. The duration of the Tenth Employee Stock Ownership Plan may be extended two months before the expiry date, after approval at the holders’ meeting and Board meeting.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of operations or financial conditions, taken as a whole.

Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as the Compliance Advisor in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoters

The promoters of the Company are all of the 40 then shareholders of our Company as of October 13, 2007, immediately before our conversion into a joint stock limited liability company. For details of the promoters, see the section headed “History, Development and Corporate Structure — Conversion into a joint stock company in October 2007” in this Document. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [REDACTED] and the related transactions described in this Document.

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Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the H Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2024 (being the date to which the latest consolidated financial statements of our Group were prepared).

Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to “Appendix III — Summary of Articles of Association” to this Document.

Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this Document as mentioned in “Appendix I — Accountants’ Report — Note 38 Related Party Transactions”.

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
DeHeng Law Offices	Legal adviser to our Company as to PRC law
RSM Hong Kong	Certified Public Accountants Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

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As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to “Qualifications of Experts” of this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

Sole Sponsor’s Independence

The Sole Sponsor satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Sole Sponsor, the Sole Sponsor’s fees payable by us to the Sole Sponsor in respect of its services as sponsor in connection with the [REDACTED] on the Stock Exchange is US\$500,000.

Binding Effect

This Document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as disclosed in this Document:

- (a) within the two years preceding the date of this Document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

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- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) save for the A Shares that are listed on the ChiNext Market of the Shenzhen Stock Exchange, and save for the H Shares to be issued in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is [REDACTED] or dealt with in any other stock exchange, nor is any [REDACTED] or permission to deal being or proposed to be sought;
- (j) our Company has no outstanding convertible debt securities or debentures;
- (k) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (l) our Company has adopted a code of conduct regarding Directors’ securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information about our Business – Summary of Material Contract” in Appendix IV to this Document; and
- (b) the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.evebattery.com during a period of 14 days from the date of this Document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from RSM Hong Kong, the text of which is set out in Appendix I to this Document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;
- (d) the report from RSM Hong Kong on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this Document;
- (e) the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract” in this Document;
- (f) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Consents of Experts” in this Document;
- (g) the service contracts and letters of appointment referred to in “Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Particulars of Directors’ Service Contracts” in this Document;
- (h) the legal opinions issued by DeHeng Law Offices, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE ON DISPLAY**

- (i) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in “Industry Overview” in this Document; and
- (j) a copy of the following PRC laws, together with unofficial English translations:
 - (i) the PRC Company Law;
 - (ii) the PRC Securities Law; and
 - (iii) the Overseas Listing Trial Measures.
- (k) the terms of the Employee Incentive Plans.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the Employee Incentive Plans will be made available for public inspection at our Company’s Hong Kong legal advisor’s office in Hong Kong at 10/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Document.