

# REPT BATTERO

**REPT BATTERO Energy Co., Ltd**

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

Stock Code: 0666

ANNUAL REPORT

2023



INNOVATION FOR  
A SUSTAINABLE  
FUTURE

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Cao Hui (*chairman of the Board, executive Director and president*)

Dr. Wu Yanjun

Ms. Huang Jiehua

### Non-executive Directors

Mr. Hu Xiaodong

Mr. Wang Haijun

Ms. Xiang Yangyang

Mr. Wei Yong

Mr. Yu Xinhua

### Independent Non-executive Directors

Ms. Wong Sze Wing

Dr. Wang Zhenbo

Dr. Ren Shenggang

Dr. Simon Chen

## AUDIT COMMITTEE

Ms. Wong Sze Wing (*chairlady*)

Dr. Simon Chen

Dr. Ren Shenggang

## NOMINATION COMMITTEE

Dr. Cao Hui (*chairman*)

Dr. Wang Zhenbo

Dr. Ren Shenggang

## REMUNERATION AND APPRAISAL COMMITTEE

Dr. Wang Zhenbo (*chairman*)

Dr. Cao Hui

Ms. Wong Sze Wing

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Dr. Cao Hui (*chairman*)

Ms. Xiang Yangyang

Ms. Huang Jiehua

## JOINT COMPANY SECRETARIES

Dr. Wu Yanjun

Ms. Zhang Xiao (*an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom*)

## AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

## AUTHORISED REPRESENTATIVES

Dr. Wu Yanjun

Ms. Zhang Xiao (*an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom*)

## PRINCIPAL BANKERS

### China Merchants Bank Co., Ltd., Wenzhou Longwan Sub-branch

No. 2666, Longxiang Road

Longwan District

Wenzhou, Zhejiang

PRC

### China CITIC Bank Corporation Limited, Wenzhou Branch

1F-2F, 17F-20F, China Life Building

No. 1398 Huizhan Road, Binjiang Street

Lucheng District

Wenzhou, Zhejiang

PRC

### **China Minsheng Banking Corp., Ltd., Wenzhou Longwan Sub-branch**

Room 117 and 118, Building 1  
Wanda Plaza  
No. 1188 Yongding Road, Yongzhong Street  
Longwan District  
Wenzhou, Zhejiang  
PRC

### **REGISTERED ADDRESS**

Room A205, Building C  
No. 205, Binhai 6th Road  
Konggang New District, Longwan District  
Wenzhou, Zhejiang Province  
PRC

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA**

No. 205, Binhai 6th Road  
Wenzhouwan New District, Longwan District  
Wenzhou, Zhejiang Province  
PRC

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

### **H SHARE REGISTRAR**

#### **Computershare Hong Kong Investor Services Limited**

Shops 1712–1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### **COMPLIANCE ADVISOR**

#### **Red Solar Capital Limited**

Unit 402B, 4/F  
China Insurance Group Building  
No. 141 Des Voeux Road Central  
Central  
Hong Kong

### **INVESTOR RELATIONS CONTACT**

Email: [IR@chinarept.com](mailto:IR@chinarept.com)

### **COMPANY WEBSITE**

[www.chinarept.com](http://www.chinarept.com)

### **STOCK CODE**

0666

# FOUR-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last four financial years is set out as follows:

## CONSOLIDATED RESULTS

	Year ended 31 December			
	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	<b>13,748,914</b>	14,647,778	2,109,144	906,986
Gross profit/(loss)	<b>293,349</b>	1,088,288	(324,880)	111,098
Loss before tax	<b>(1,940,863)</b>	(450,798)	(804,209)	(53,279)
Loss for the year	<b>(1,943,300)</b>	(450,823)	(804,209)	(53,279)
Total comprehensive loss for the year and attributable to owners of the parent and non-controlling interests	<b>(1,942,948)</b>	(450,823)	(804,209)	(53,279)

## CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December			
	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	<b>16,712,399</b>	10,002,704	5,150,963	1,500,213
Current assets	<b>19,308,383</b>	16,438,699	3,873,676	1,154,994
Total assets	<b>36,020,782</b>	26,441,403	9,024,639	2,655,207
Non-current liabilities	<b>9,433,288</b>	4,590,348	351,715	203,938
Current liabilities	<b>15,045,047</b>	10,399,482	6,430,044	2,122,156
Total liabilities	<b>24,478,335</b>	14,989,830	6,781,759	2,326,094
Total equity	<b>11,542,447</b>	11,451,573	2,242,880	329,113

# CHAIRMAN'S STATEMENT

On behalf of the Board of REPT BATTERO Energy Co., Ltd., I hereby present to you the annual report of the Group for the year ended 31 December 2023.

In 2023, REPT BATTERO was listed on the Hong Kong Stock Exchange, successfully gaining access to the international capital market. Amid a market brimming with opportunities and challenges, we adhered to a quality system-oriented approach and took technological innovation as the core, embracing industry competition with highly competitive products and topnotch channel strength. To build a differentiated competitive edge, we have developed interconnected EV and ESS battery products with extreme creativity. Within the product system of extreme creativity, we met the stringent requirements of different application markets at home and abroad through extreme cell design, limitpushing manufacturing, and ultimate factory, while establishing a sound management system and global product standard certification.



**Dr. Cao Hui**  
**Chairman of the Board,**  
**Executive Director and President**

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of REPT BATTERO Energy Co., Ltd., I hereby present to you the annual report of the Group for the year ended 31 December 2023.

In 2023, REPT BATTERO was listed on the Hong Kong Stock Exchange, successfully gaining access to the international capital market. Amid a market brimming with opportunities and challenges, we adhered to a quality system-oriented approach and took technological innovation as the core, embracing industry competition with highly competitive products and top-notch channel strength. To build a differentiated competitive edge, we have developed interconnected EV and ESS battery products with extreme creativity. Within the product system of extreme creativity, we met the stringent requirements of different application markets at home and abroad through extreme cell design, limit-pushing manufacturing, and ultimate factory, while establishing a sound management system and global product standard certification.

In 2023, we continued to implement the dual-focus strategy on EV and ESS battery markets, and formed a sustained competitive edge of our products through innovations in material portfolio, structure, and manufacturing process. EV batteries were mainly supplied to well-known automobile companies such as SAIC Group and Dongfeng Nissan. By quickly adjusting our product direction and launching new products through rapid research and development iterations, we have identified clear growth points for the year when plug-in hybrid battery market soared. Our customers for ESS batteries consist primarily of top companies in major segments of the ESS market (including household ESS and industrial and commercial ESS) whose fundamentals are stable enough with plenty of room for growth.

Our flagship “WenDing (“問頂”) Series” products have achieved scale production, gaining widespread acclaim in the market and recognition from international customers while seizing the share in the large capacity ESS market. WenDing (“問頂”) batteries have achieved a balance of high energy density, fast charging, and high power. In the EV batteries field, WenDing (“問頂”) technology provides customers with a solution of high safety and long driving range, promoting green travel. In the ESS field, it can create synergy between power and energy storage, presenting a sustainable low-carbon integrated energy solution while reducing costs and increasing profitability. WenDing (“問頂”) technology demonstrates significant advantages in emissions reduction, which will greatly support the sustainable development of the new energy industry.

In order to attain the sustainable development of the new energy industry and contribute to the broader global carbon reduction goals, we will achieve operational carbon neutrality through echelon use and recycling of batteries, electrified transportation, and efficient manufacturing. We will further achieve carbon neutrality across the value chain, making positive contributions to building a green and sustainable future. We will accelerate the development of high-tech, high-efficiency, and high-quality new production capacity, continuously enhance the competitiveness of China's new energy industry in the global market, continuously enhance our brand value. Under the philosophy of fostering sustainable development across the entire value chain and ecosystem, we will consistently promote the electrification development, deepen international cooperation, and contribute to the construction of a global green energy system.

Finally, on behalf of the Group, I would like to thank all customers for their continuous support to the Group, as well as our business partners, investors, and Shareholders for their trust. I also sincerely thank all employees for their unwavering dedication, hard work, and contribution over the past year. The Group will stick to the longtermism philosophy, keep innovate under the strategy of dual-focus on EV and ESS batteries, continuously enhance our competitiveness, maintain the transparency and good governance structure of the Company in strict compliance with the Listing Rules, thus to give back to society and create the maximum return for Shareholders with our sustained and healthy development.

**Cao Hui**  
*Chairman*

Wenzhou, the PRC, 26 March 2024

# MANAGEMENT DISCUSSION AND ANALYSIS





# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

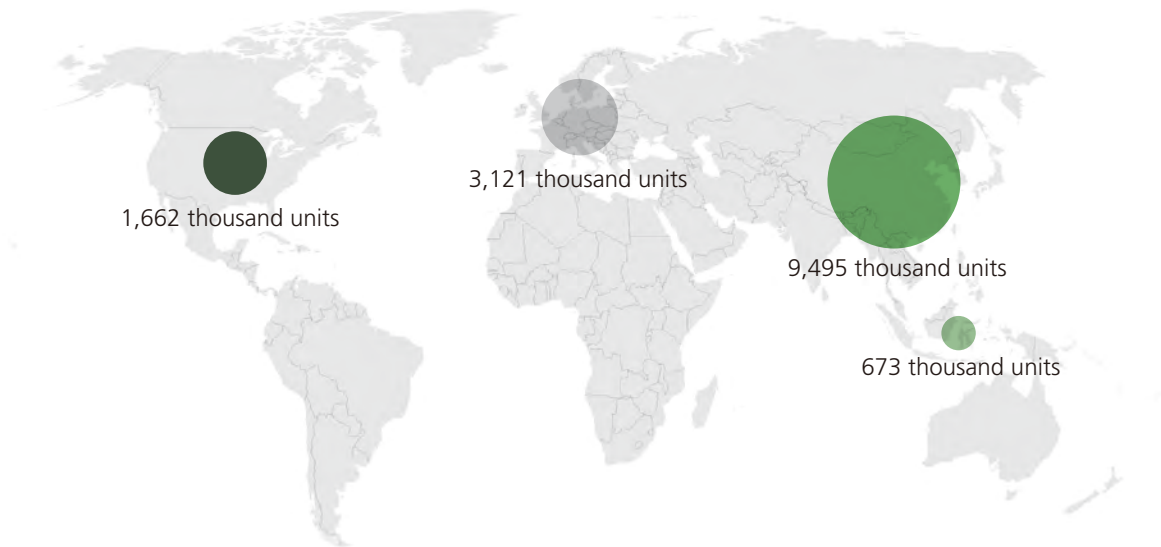
### EV Battery Market

In recent years, amid a growing exacerbation of worldwide ecological challenges and the accelerated energy transition of major economies, the global demands for electric vehicles (“EVs”) have continuously increased. Meanwhile, EV batteries, a core component of EVs, are becoming more and more significant in the midst of the global energy transition.

According to SNE Research, global EV sales volume in 2023 was 14,061 thousand units, representing a year-on-year increase of 33.4%. Among them, the North America market and the Asia market (excluding China) experienced the most notable growth: 1,662 thousand units were sold in the North America market, representing a year-on-year increase of 49.1%; 673 thousand units were sold in the Asia market (excluding China), representing a year-on-year increase of 47.9%. Furthermore, a total of 3,121 thousand units of EVs were sold in Europe in 2023, representing a year-on-year increase of 18.1%, which is the largest single regional market outside of China. Even after most of the world’s major economies stopped providing subsidies for the purchase of new energy vehicles at the end of 2022, the global EV market still experienced relatively strong growth in 2023.

### Sales Volume Distribution of EVs in Global Market

■ China ■ North America ■ Europe ■ Asia (excluding China)

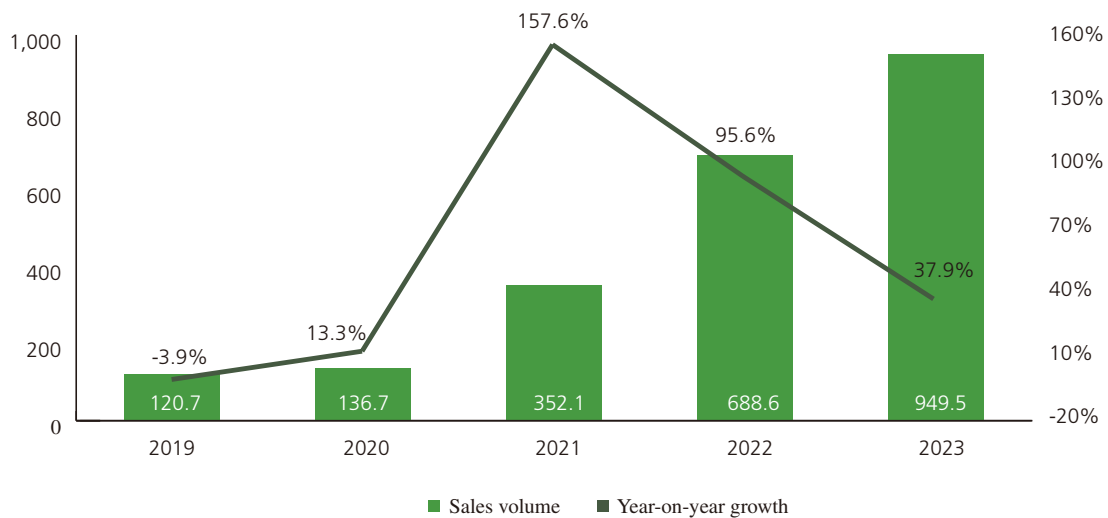


Source: SNE Research/China Association of Automobile Manufacturers

## MANAGEMENT DISCUSSION AND ANALYSIS

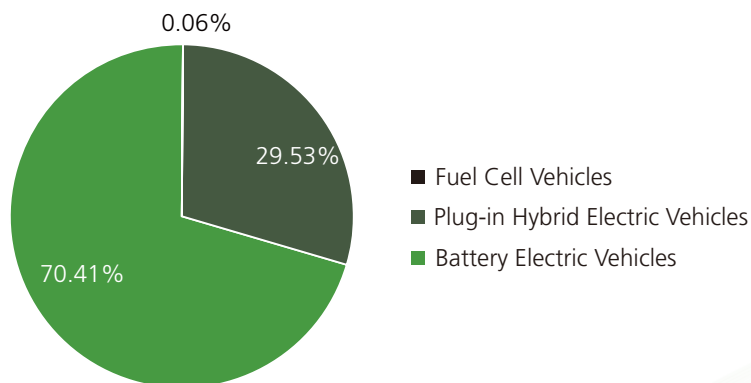
In terms of China market, according to China Association of Automobile Manufacturers, a total of 9,495 thousand units of EVs were sold in 2023, representing a year-on-year increase of 37.9%. Despite a slight decline in growth rate, China has consistently maintained its position as the largest EV market worldwide, accounting for 59.8% of the total market share. Among them, plug-in hybrid electric vehicles experienced significant growth, with 2,804 thousand units sold in 2023, representing a year-on-year increase of 84.7%. Sales volume of battery electric vehicles increased by approximately 24.6% year-on-year to 6,685 thousand units.

**Annual Sales Volume of New Energy Vehicles in China (ten thousand units)**



Source: China Association of Automobile Manufacturers

**Sales Distribution by Power Type in 2023 (%)**



Source: China Association of Automobile Manufacturers

## MANAGEMENT DISCUSSION AND ANALYSIS

The PRC government has continued to introduce relevant policies to support the development of the EV industry. For example, on 20 June 2023, the Ministry of Finance of the People's Republic of China, the State Administration of Taxation of the People's Republic of China and Ministry of Industry and Information Technology of the People's Republic of China released the Announcement on Extending and Optimizing the Vehicle Purchase Tax Exemption Policy for New Energy Vehicles (《關於延續和優化新能源汽車車輛購置稅減免政策的公告》), according to the which, purchases of EVs from 2024 to 2027 will be exempted or halved from the purchase tax.

According to SNE Research, the global EV battery installations was approximately 705.5GWh in 2023, representing a year-on-year increase of 38.6%, the growth rate of which has slowed down, mainly due to factors such as high interest rates and economic slump. Although the profitability of EV battery manufacturers has been squeezed in the short term by factors such as price decline for EV sales and falling prices of key raw materials, attributable to the major countries' efforts to achieve carbon neutrality and the increasingly clear competitive landscape in the EV market, the EV battery industry is expected to maintain a good growth momentum.

### Energy Storage Market

The energy storage system (“**ESS**”) market is primarily driven by government policies globally. With the carbon-neutral target, governments in major economies have released a series of policies to encourage the development of renewable energy and ESS projects. For example, the Better Energy Storage Technology Act (《完善儲能技術法案》) of the U.S. provides US\$50 million for demonstration programs of ESSs in each of fiscal years from 2020 through 2024. Supportive policies, attractive subsidies and more established business models are expected to drive the adoption of ESS around the world. Furthermore, the PRC government also issued 14th Five-Year Plan on New Energy Storage Development Implementation Plan (《“十四五”新型儲能發展實施方案》), which promoted the scale-up and industrialization of ESS market, targeting to further enhance the technological performance of electrochemical ESSs and reduce the cost of systems by over 30% by 2025.

Driven by the governments of several major economies, the global ESS market grew rapidly in 2023. According to SNE Research, the global shipments of ESS batteries was 185GWh in 2023, representing a year-on-year increase of 53%.

However, the implementation of the policies has also attracted a large number of new entrants to the ESS industry, further intensifying competition in the industry. In 2023, the continuous decline in the price of ESS batteries and systems has impaired the profitability of battery manufacturers.

## BUSINESS REVIEW

### Principal Business

The Group mainly engages in the design, research and development (“**R&D**”), production and sales of EV and ESS lithium-ion batteries from cell level to system application. With electrification and intelligence as our core, we drive integrated innovation in market applications. We provide premium solutions and services for global new energy vehicle power and smart electrical energy storage through innovations in material and material portfolio as well as innovations in system structure, environmental limit-pushing manufacturing and business model.

### Main Products

The Group’s main products consist of EV battery products and ESS battery products.

Our EV battery products include LFP battery products and ternary lithium battery products, which are produced and sold in the form of battery cells, battery modules and battery packs depending on the needs of our customers. The Group’s EV batteries are capable of meeting various functional requirements such as fast charging, long battery lifespan, long driving range and strong environmental adaptability, and they feature, among others, high energy density, long cycle life, safety and reliability. Our EV battery products are widely used in EVs including passenger vehicles, commercial vehicles (such as buses and trucks), special vehicles (such as forklifts and other construction machinery) and electric ships.

Our ESS battery products are LFP battery products and are mainly produced and sold in battery cells, battery modules and battery packs which include battery boxes, battery racks and energy storage containers. Our ESS battery products are used in household energy storage, large-scale industrial energy storage scenarios such as power stations, power grids as well as commercial energy storage scenarios. Our ESS batteries meet the various quality standards across different usage scenarios and countries, and the performance of our products have been widely recognized.

### Business Achievements

In 2023, we continued to implement the dual-focus strategy on EV and ESS battery markets and committed to R&D and the offering of high-quality products, to make us well-positioned in market competition. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2023, officially gaining access to the international capital market. We completed the construction and commenced commercial production at Liuzhou production facility. A subsidiary in Germany was established to focus on sales in European market, a step for accelerating our globalization progress. We also started business cooperation with China Classification Society and Det Norske Veritas to enter zero-carbon shipping market.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, the Group maintained a growth in the EV battery and ESS battery markets. According to the statistics of China Automotive Battery Innovation Alliance, in 2023, the Group ranked eleventh in terms of installed capacity of EV batteries among domestic EV battery manufacturers and sixth in terms of LFP battery installations among domestic EV battery manufacturers. According to publicly available information of InfoLink Consulting, the Group ranked fourth globally in terms of shipments of ESS battery cells in 2023.

We have a diverse and balanced EV battery customer base, covering established automotive companies, such as SAIC-GM-Wuling (上汽通用五菱), SAIC-Passenger Automobile (上汽乘用車), DFV (Aeolus) (東風乘用車(風神)), DNPV (Venucia) (東風日產(啟辰)) and FAW (一汽奔騰), as well as emerging EV manufacturers, such as Hozon Auto (合眾汽車), Hycan (合創汽車) and Leapmotor (零跑汽車), and emerging auto parts manufacturers, such as Vreem (威睿電動). Our EV battery customer base also covers an established vehicle company headquartered in Netherlands, a luxury vehicle company headquartered in Germany and a U.S. EV manufacturer. In 2023, while continuing to maintain in-depth strategic cooperation with the above automakers, the Group also acquired new designated cooperation for more than ten automobile models with several automakers such as SAIC-Passenger Automobile (上汽乘用車), SAIC-GM-Wuling (上汽通用五菱), SAIC MAXUS (上汽大通) and Hycan (合創汽車), which has laid a solid foundation for the Group's sustainable growth. For commercial vehicles and special vehicles, we have established cooperation with Yutong Bus (宇通客車), Xiamen King Long (廈門金龍), CRRC (中國中車), SAIC MAXUS (上汽大通), Farizon Auto (吉利商用車), Sany Group (三一集團), XCMG (徐工汽車) and EP Equipment (中力機械), and newly added over 20 automobile models in 2023. Thus, we have further expanded our customer base and product application range. Our products are also sold to overseas market including Europe, Middle East, Africa, Southeast Asia and India through direct export and export by OEMs.

Our ESS battery customers primarily include household ESS integrators, photovoltaic inverter manufacturers, system integrators and EPC (engineering, procurement and construction) firms. Our ESS battery customers include seven of the top 10 ESS power conversion system manufacturers in China and six of the top 10 ESS integrators in China. We actively pursued cooperation with central enterprises such as the "Five central power enterprises and six small power enterprises, two grids, and two constructions" ("五六六小、兩網、兩建") and have obtained designated cooperation with a number of central enterprises. Our ESS battery products are used in household, commercial and industrial and power grids applications worldwide, including domestic market and overseas markets such as the United States, Europe, Japan, Australia, India, Southeast Asia and Africa. In addition to deepening our co-operation with leading companies and benefiting from our WenDing ("問頂") technology, we launched 320Ah and 345Ah ESS battery products in May 2023 to meet the market demands of large capacity ESS battery products, which have been well received in the market and recognized by international customers. In overseas market, our Group increased the efforts to cooperate with overseas integrators to enhance the proportion of shipments of battery racks and battery systems, so as to expand our influence in the overseas market and establish our brand advantage.

## MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2023, the total assets of the Group amounted to RMB36,020.8 million, representing an increase of 36.2% as compared with those as of 31 December 2022. As of 31 December 2023, the net assets of the Group amounted to RMB11,542.4 million, representing an increase of 0.8% as compared with those as of 31 December 2022. In 2023, the Group achieved a revenue of RMB13,748.9 million, representing a decrease of 6.1% as compared with last year; and the net loss amounted to RMB1,943.3 million. In 2023, the sales volume of the Group's lithium battery products was 19.48GWh in total, representing an increase of 17.3% over last year. By the end of 2023, our designed annual production capacity reached 62GWh.

### Technological and R&D Achievements

As a result of our long-term dedication in R&D, we have developed a broad portfolio of key technologies that are used in our products. Leveraging these advanced technologies and our R&D capabilities, together with our manufacturing expertise, supply chain management capabilities and experienced and dedicated leadership team, we are able to develop and produce products that meet our customers' requirements. We are committed to continuously improving R&D capabilities for our technologies, so as to ensure the competitive advantages of our products in various application fields. Our key technologies and R&D achievements also improve the performance of our products. Specifically:

- Mass energy density. We develop and produce products with high energy density. We achieved mass energy density of 180-200Wh/kg for our mass-produced LFP battery cells and 200-230Wh/kg for our prototype composite battery cells. We achieved mass energy density of 245-255Wh/kg for our mass-produced ternary lithium battery cells and more than 300Wh/kg for our prototype high nickel lithium battery cells.
- Volumetric energy density. (i) Our proprietary SCL and minimalism battery top cover technologies can effectively improve the space utilization of the cell, increase the height of the cathode pole piece by optimizing the internal space of the cell, simplify the coating process, and reduce the production cost. (ii) Our green and detachable CTP technology further improves the space utilization of the battery pack by optimizing the design of the cell and module structures, realizing the destructuring of the battery pack, thereby effectively improves the integration rate of the battery pack. Our products can reach a volumetric energy density of up to 450Wh/L for LFP battery products, and up to 650Wh/L for ternary battery products.
- Fast charging. Through double-layer coating technology and ultra-fast conducting ionic material surface coating technology, our fast charging technology comprehensively improves the low-temperature charging performance (-10°C~-12°C) and fast-charging performance of the battery cell. Mass produced products can realize 10-15 minute fast charging and products on development can realize 9-12 minute fast charging. Our products that have been put into mass production are able to meet the fast charging needs of EV customers.
- Battery cycle life. We are the first in the industry to successfully develop the internal circulation and auto-equalization technology, which has substantially improved the consistency and cycle life of large-capacity vehicles and ESSs, and further increase the battery life of large energy storage systems. The highly reliable components can further help the products meet the demands for 8,000-12,000 cycles and 15-20 years of calendar life.

## MANAGEMENT DISCUSSION AND ANALYSIS

- Safety and reliability. We improve the stable temperature of the thermal box by optimizing the selection of cathode and anode materials and using high safety separators and electrolyte systems. In addition to material selection, we optimize the manufacturing process with over 2,000 quality control points, which ensures product quality. Such technology has obtained accreditation from Japan JET and have been added to the Japan SII list, and has passed the nail penetration test. In addition, a number of our battery cell products have passed the UL9540A thermal runaway test.

Set forth below are our key R&D achievements and prototypes that are or expected to become designated supply products for some customers:

- WenDing (“問頂”) batteries. The WenDing (“問頂”) technology is applied in our prismatic LFP and ternary batteries. We have become a designated supplier to our customers with our LFP WenDing (“問頂”) batteries. This is a new technology integrated with improvements in lithium-ion battery structures and in welding techniques for battery tabs and covers, internal electrochemical features and stable solid-liquid interface. Such technology further improves the electrode areal density and enhances the energy density of the battery, which enables longer driving range for EV battery products. The innovation of lithium-ion battery structures was one of the major technological trends in the industry other than material innovation. The key benefits of our WenDing (“問頂”) technology is as follows:
  - (i) For LFP battery products. Up to 450Wh/L volumetric energy density and 190.5Wh/kg mass energy density, enabling a driving range of up to 700km, as compared with 300Wh/L to 400Wh/L volumetric energy density, 160Wh/kg to 180Wh/kg mass energy density, and 300km to 500km driving range that is typical for the current LFP battery products.
  - (ii) For ternary battery products. Up to 650Wh/L volumetric energy density and 300Wh/kg mass energy density, enabling a driving range of up to 1,000km, as compared with 500Wh/L to 600Wh/L volumetric energy density, 230Wh/kg to 260Wh/kg mass energy density, and 400km to 700km driving range that is typical for the current ternary battery products.
- Easy-for-Tera cells (“ET電芯”). Our Easy-for-Tera cells (“ET電芯”) are flat batteries that use stainless steel shell, which are thinner and thus improve the volumetric energy utilization efficiency as compared to traditional aluminium shell. It adopts high-speed winding, cutting or stacking integration technology in our flat batteries, which improves the efficiency of the production process and battery performance. Our Easy-for-Tera cells (“ET電芯”) has a mass energy density of 190~210Wh/kg and a volumetric energy density of 420~480Wh/L.
- Twin Star (“雙子星”) battery. Our Twin Star (“雙子星”) battery applies dual chemistry of cathode material. It is developed from new materials and combines the advantage of LFP and ternary batteries. It has high energy density, safety performance and low production costs. The energy density of Twin Star (“雙子星”) batteries can exceed 215Wh/kg and 500Wh/L, and the system energy density can reach approximately 175Wh/kg or higher. It can be applied in various use cases and improves user experience through fast charging and high safety performance. The Twin Star (“雙子星”) battery is under the sample testing stage and will be ready for mass production before June 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

- Semi-solid state battery. The semi-solid battery under development adopts high nickel cathode and silicon carbon anode matched with semi-solid technology. Such technology can further increase the mass-energy density and performance safety of battery products. We have produced semi-solid electrolyte systems through different gelation routes and have produced semi-solid soft pack battery samples.
- Versatile power station. Our versatile power station can be used in various use cases such as electrical energy storage, vehicle charging and utility power backup. It has electrical control functions such as parallel and off-grid switching, alternate use of multiple batteries, multi-level electrical protection and anti-reverse current. It is equipped with automatic fire prevention system, including high-sensitivity detectors of temperature, smoke and gas, to improve the safety of the energy storage system. This system is equipped with a 280Ah long-life LFP battery, which can satisfy the maximum discharge demand of 360kW, realizing fast charging of the vehicle, also supporting continuous charging and discharging at large multiplier, while maintaining a stable temperature.

### FUTURE PROSPECTS

#### Technology and Product Innovation

Strong R&D capabilities are the key to our success. We have R&D centers in Shanghai and Wenzhou, and a R&D center in Jiashan which is under construction and expected to be put into operation in the second half of 2024, with 1,918 R&D personnel involved in R&D functions as of 31 December 2023. The core members of our R&D team are highly experienced and have extensive connections in the lithium-ion battery industry. Having witnessed the development history of lithium-ion batteries, they possess rich experience and unique insights in the material development, battery cell design technology and manufacturing process of lithium-ion batteries.

As such, we are able to analyse and stay abreast with the development trend of lithium-ion battery technologies to determine our R&D focus accordingly.

As of 31 December 2023, the Group had 1,780 granted patents, including 108 invention patents and 1,624 design patents; 887 patents were granted in 2023, including 76 invention patents, 772 utility model patents and 37 design patents.

All such invention patents were related to lithium-ion battery manufacturing and innovation, covering areas including lithium-ion battery materials and structures, system integration, battery management system, production technologies and equipment and battery recycling.

We have a series of technologies with advantages in terms of battery materials, battery design and battery structure, production technique and equipment, which helped us build up a product portfolio that is able to achieve safety, reliability, long driving range and strong performance, while improving production efficiency. We have the following R&D highlights:

- WenDing (“問頂”) technology. In August 2022, we launched prismatic batteries that utilized our WenDing (“問頂”) technology. Such technology can be applied to LFP battery products as well as ternary lithium battery products to achieve strong performance. In 2023, we continued to launch WenDing (“問頂”) technology 2.0, further enhancing the product performance.



## MANAGEMENT DISCUSSION AND ANALYSIS

- Semi-solid prismatic batteries. We have delivered prototypes of semi-solid prismatic batteries to a luxury vehicle company in Europe, with whom we are conducting battery performance tests.
- Composite material system. We aim to improve the safety performance and power performance of battery products employing the ternary composite phosphate system to meet various application scenarios.
- Lithium manganese-iron phosphate battery system. We have started the development and production of lithium manganese-iron phosphate batteries. Due to the characteristics of high voltage and abundant supply of manganese, lithium manganese-iron phosphate batteries can achieve higher energy density, lower cost per Wh and better performance in low temperature environment compared to LFP batteries, and have better safety performance compared to ternary batteries.
- Solid-state battery. We are currently conducting research on the all-solid-state battery electrolyte materials, solid-state electrolyte reaction interface performance and solid-state battery production process. The purpose of developing all-solid-state battery is to achieve a balance of safety and energy density.
- Sodium-ion battery. To reduce the cost of ESS batteries and lower the dependence on metals such as lithium, nickel, and cobalt, we have conducted research on anode and cathode material system, electrolyte system and process of the sodium-ion battery production.
- Recycling technologies. We plan to focus on recycling technologies such as EV battery residual energy testing and secondary use solutions and processes to maximize the cost-effectiveness of EV batteries and focus on improving the safety, stability and cycle life of recycled products. We also aim to reduce the costs of battery regrouping application, qualification testing and production through recycling technologies. On 17 January 2024, we secured the qualification for echelon use of wasted power storage batteries of new energy vehicles.

### Supply Chain Advantages

Leveraging on our unique supply chain advantages from Tsingshan Group's network, we actively help our suppliers to source feedstock materials, such as lithium carbonate, thereby ensuring sufficient supply of our raw materials at competitive prices. Being part of the Tsingshan Group ecosystems facilitates the process of building trusts and business relationships with various raw material suppliers. We will also be able to capitalize on Tsingshan's various strategic endeavors in the upstream of the industry value chain and have opportunities to make strategic investment in upstream raw material suppliers and secure supplies of important raw materials.

### Globalization Strategy

We plan to establish production facilities in regions such as Southeast Asia, Europe and South America. Such initiatives will allow us to enhance our presence worldwide, have closer access to local natural resources and raw material and diversify our geopolitical risk exposure.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING RESULTS AND ANALYSIS

The table below is extracted from the Group's consolidated statement of profit or loss and other comprehensive income, which presents the absolute amount and as a percentage of the Group's total revenue for the years indicated, together with changes (expressed in percentage) from 2022 to 2023.

#### Consolidated statement of profit or loss and other comprehensive income

	Year Ended 31 December				Year-on-Year Change
	2023		2022		
	(in RMB thousands, except for percentages)				
<b>Revenue</b>	<b>13,748,914</b>	<b>100.0%</b>	14,647,778	100.0%	(6.1)%
Cost of sales	<b>(13,455,565)</b>	<b>(97.9)%</b>	(13,559,490)	(92.6)%	(0.8)%
<b>Gross profit</b>	<b>293,349</b>	<b>2.1%</b>	1,088,288	7.4%	(73.0)%
Other income and gains	<b>265,555</b>	<b>1.9%</b>	167,818	1.1%	58.2%
Selling and distribution expenses	<b>(379,033)</b>	<b>(2.8)%</b>	(320,795)	(2.2)%	18.2%
Administrative expenses	<b>(564,832)</b>	<b>(4.1)%</b>	(346,787)	(2.4)%	62.9%
Research and development expenses	<b>(991,311)</b>	<b>(7.2)%</b>	(767,685)	(5.2)%	29.1%
Impairment losses on financial and contract assets, net	<b>(297,711)</b>	<b>(2.2)%</b>	(81,050)	(0.6)%	267.3%
Other expenses	<b>(8,388)</b>	<b>(0.1)%</b>	(75)	0.0%	11,084.0%
Finance costs	<b>(256,850)</b>	<b>(1.9)%</b>	(188,925)	(1.3)%	36.0%
Share of profits and losses of:					
Joint ventures	<b>(1,047)</b>	<b>0.0%</b>	(1,587)	0.0%	(34.0)%
An associate	<b>(595)</b>	<b>0.0%</b>	–	–	–
<b>Loss before tax</b>	<b>(1,940,863)</b>	<b>(14.1)%</b>	(450,798)	(3.1)%	330.5%
Income tax expenses	<b>(2,437)</b>	<b>0.0%</b>	(25)	0.0%	9,648.0%
<b>Loss for the year</b>	<b>(1,943,300)</b>	<b>(14.1)%</b>	(450,823)	(3.1)%	331.1%
Attributable to:					
Owners of the parent	<b>(1,471,802)</b>	<b>(10.7)%</b>	(354,121)	(2.4)%	315.6%
Non-controlling interests	<b>(471,498)</b>	<b>(3.4)%</b>	(96,702)	(0.7)%	387.6%
	<b>(1,943,300)</b>	<b>(14.1)%</b>	(450,823)	(3.1)%	331.1%

## MANAGEMENT DISCUSSION AND ANALYSIS

	Year Ended 31 December		Year-on-Year	
	2023	2022	Change	
(in RMB thousands, except for percentages)				
<b>Other comprehensive income</b>				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(9)	0.0%	–	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Equity investments designated at fair value through other comprehensive income:				
Changes in fair value	361	0.0%	–	–
<b>Total comprehensive loss for the year</b>	<b>(1,942,948)</b>	<b>(14.1)%</b>	(450,823)	(3.1)%
Attributable to:				
Owners of the parent	(1,471,450)	(10.7)%	(354,121)	(2.4)%
Non-controlling interests	(471,498)	(3.4)%	(96,702)	(0.7)%
	<b>(1,942,948)</b>	<b>(14.1)%</b>	(450,823)	(3.1)%
<b>Loss per share attributable to ordinary equity holders of the parent</b>				
Basic and diluted				
– For loss for the year (RMB)	(0.68)		(0.20)	240.0%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

The Group's revenue decreased by 6.1% from RMB14,647.8 million in 2022 to RMB13,748.9 million in 2023, primarily due to a decrease in revenue from EV and ESS battery products as compared with 2022.

The table below sets forth a breakdown of the Group's revenue by product usage for the years indicated:

	Year Ended 31 December				Year-on-Year Change
	2023		2022		
(in RMB thousands, except for percentages)					
EV battery products	<b>4,307,114</b>	<b>31.3%</b>	4,642,801	31.7%	(7.2)%
ESS battery products	<b>6,984,971</b>	<b>50.8%</b>	8,400,597	57.4%	(16.9)%
Other businesses					
Sales of wastes	<b>411,564</b>	<b>3.0%</b>	796,789	5.4%	(48.3)%
R&D services	<b>32,925</b>	<b>0.2%</b>	22,308	0.2%	47.6%
Others	<b>2,012,340</b>	<b>14.6%</b>	785,283	5.3%	156.3%
<b>Subtotal</b>	<b>2,456,829</b>	<b>17.9%</b>	1,604,380	10.9%	53.1%
<b>Total</b>	<b>13,748,914</b>	<b>100.0%</b>	14,647,778	100.0%	(6.1)%

Sales volume of both EV batteries and ESS batteries of the Group in 2023 exceeded that of 2022. However, due to the decrease in prices of raw materials, the selling prices of the Group's battery products also dropped accordingly. The Group's revenue from sales of EV battery products decreased by 7.2% from RMB4,642.8 million in 2022 to RMB4,307.1 million in 2023, and revenue from sales of ESS battery products decreased by 16.9% from RMB8,400.6 million in 2022 to RMB6,985.0 million in 2023.

The Group's revenue from other businesses increased by 53.1% from RMB1,604.4 million in 2022 to RMB2,456.8 million in 2023, primarily due to the increasing sales volume of the Group's battery components as they obtained customer recognition.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of Sales

The Group's cost of sales decreased by 0.8% from RMB13,559.5 million in 2022 to RMB13,455.6 million in 2023, primarily due to a decrease in prices of key raw materials for battery products.

### Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of the Group's gross profit/(loss) and gross profit margin by product usage for the years indicated:

	Year Ended 31 December				Year-on-Year Change
	2023		2022		
	Gross Profit/ (Loss)	Gross Profit Margin	Gross Profit/ (Loss)	Gross Profit Margin	
	(in RMB thousands, except for percentages)				
EV battery products	<b>(135,041)</b>	<b>(3.1)%</b>	146,207	3.1%	(192.4)%
ESS battery products	<b>324,911</b>	<b>4.7%</b>	731,441	8.7%	(55.6)%
Other businesses	<b>103,479</b>	<b>4.2%</b>	210,640	13.1%	(50.9)%
<b>Total</b>	<b>293,349</b>	<b>2.1%</b>	1,088,288	7.4%	(73.0)%

As a result of the foregoing, the Group's gross profit decreased by 73.0% from RMB1,088.3 million in 2022 to RMB293.3 million in 2023 and its gross profit margin decreased from 7.4% in 2022 to 2.1% in 2023.

Specifically, the Group recorded a gross loss of RMB135.0 million for EV battery products in 2023, as compared to a gross profit of RMB146.2 million in 2022, which was mainly due to the decrease in the average selling price of the Group's EV batteries resulting from the decrease in the prices of major raw materials for lithium batteries and the highly competitive environment in the downstream market in 2023, while the decrease in the prices of raw materials takes a certain period to be reflected in the Group's cost of sales due to production cycle. The gross profit of ESS battery products decreased by 55.6% from RMB731.4 million in 2022 to RMB324.9 million in 2023, and its gross profit margin decreased from 8.7% in 2022 to 4.7% in 2023, mainly because the prices of the Group's ESS battery products were adjusted downward in line with the declining prices of major raw materials in lithium battery industry in 2023, while the decrease in the prices of raw materials takes a certain period to be reflected in the Group's cost of sales due to production cycle. The gross profit of other businesses decreased by 50.9% from RMB210.6 million in 2022 to RMB103.5 million, and its gross profit margin decreased from 13.1% in 2022 to 4.2% in 2023, mainly because the prices of major raw materials in the lithium battery industry declined in 2023, and the sales prices of battery components included in the Group's other businesses were significantly affected and declined, while it takes a certain period for the decline to be reflected in the Group's cost of sales due to production cycle.

### Other Income and Gains

Other income and gains increased by 58.2% from RMB167.8 million in 2022 to RMB265.6 million in 2023, primarily due to (i) an increase in government subsidies of RMB19.2 million, and (ii) an increase in interest income of RMB71.9 million, which was attributable to an increase in bank balances and time deposits.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Selling and Distribution Expenses

Selling and distribution expenses increased by 18.2% from RMB320.8 million in 2022 to RMB379.0 million in 2023, primarily due to (i) the expansion of the Company's sales team, and (ii) an increase in the number of global exhibitions attended by the Company.

## Administrative Expenses

Administrative expenses increased by 62.9% from RMB346.8 million in 2022 to RMB564.8 million in 2023, primarily due to the expansion of the Company's management team along with the continuous increase of the scale of the Company.

## Research and Development Expenses

Research and development expenses increased by 29.1% from RMB767.7 million in 2022 to RMB991.3 million in 2023, primarily due to the expansion of the Company's R&D team and the continuous investment in the R&D of new products and technologies.

## Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets, net increased by 267.3% from RMB81.1 million in 2022 to RMB297.7 million in 2023, primarily due to the provision for impairment losses of trade receivables the Group recorded based on the expected credit losses of trade receivables under both collective and individual approach.

## Other Expenses

Other expenses increased from RMB0.1 million in 2022 to RMB8.4 million in 2023, primarily due to an increase in the exports of the Group in 2023 and an increase in the Group's foreign exchange loss caused by the depreciating trend of the RMB against the US dollar as a result of exchange rate fluctuations in the market.

## Finance Costs

Finance costs increased by 36.0% from RMB188.9 million in 2022 to RMB256.9 million in 2023, primarily due to an increase in interest-bearing bank borrowings to finance the construction of our production facilities and daily operation.

## Income Tax Expenses

Income tax expenses increased from RMB25,000 in 2022 to RMB2.4 million in 2023, primarily due to the payment of tax on the investment income from disposing its equity interests in a subsidiary in 2023 and the revenue related government subsidies received in respect of a production facility in Guangdong in accordance with the law.

## Loss for the Year

As a result of the foregoing, the Group's loss for the year increased by 331.1% from RMB450.8 million in 2022 to RMB1,943.3 million in 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND CAPITAL RESOURCES

In 2023, the Group financed its operations primarily through banking facilities, equity fund raised, cash generated from operating activities, and net proceeds from the global offering of the Company in December 2023 (the “**Global Offering**”). The Group monitors its bank balances on a daily basis and conducts monthly reviews of its cash flows. We also prepare a monthly cash flow plan and forecast, which is submitted for approval by our Chief Financial Officer, to ensure that we are able to maintain an optimum level of liquidity and meet our working capital needs.

In addition, we also used cash to purchase wealth management products. The underlying financial assets of the wealth management products generally are a basket of assets with a combination of money market instruments such as money market funds, inter-bank lending and time deposits, debt, bonds and other assets such as assets in insurance, trust fund plans and letters of credit. We form our portfolio of wealth management products with the view of achieving (i) a relatively low level of risk, (ii) good liquidity and (iii) an enhanced yield. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential risks of such investment.

The Group has sufficient liquidity to meet its day-to-day liquidity management and capital expenditure requirements and to control its internal operating cash flows.

### Cash and Cash Equivalents

As of 31 December 2023, the Group had cash and cash equivalents of RMB8,379.5 million, which primarily consisted of cash and unrestricted bank balances and time deposits, as compared with RMB4,901.1 million as of 31 December 2022.

### Bank and Other Borrowings

As of 31 December 2023, the Group’s interest-bearing bank and other borrowings were approximately RMB9,627.8 million, as compared with RMB4,651.2 million as of 31 December 2022.

### Net Proceeds from the Global Offering

For net proceeds from the Global Offering, please refer to “Use of Proceeds from the Global Offering” of this annual report.

### Capital Structure

As at 31 December 2023, the Group had net assets of RMB11,542.4 million, comprising current assets of RMB19,308.4 million, non-current assets of RMB16,712.4 million, current liabilities of RMB15,045.0 million and non-current liabilities of RMB9,433.3 million.

The Group’s gearing ratio is calculated based on the interest-bearing bank borrowings, lease liabilities and loans and related interests due to related parties divided by the ending balance of total equity and multiplied by 100%. As at 31 December 2022 and 31 December 2023, the Group’s gearing ratio was 40.9% and 83.7%, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cash Flows

The Group's net cash flows generated from operating activities was RMB1,074.6 million in 2023, as compared with the net cash flows used in operating activities of RMB2,230.5 million in 2022. The Group's net cash flows used in investing activities was RMB4,388.2 million in 2023, as compared with RMB3,981.7 million in 2022. The Group's net cash flows generated from financing activities was RMB6,797.4 million in 2023, as compared with net cash flows generated from financing activities of RMB10,531.6 million in 2022.

## Interest Rate Risk and Exchange Rate Risk

The Group's exposure to the risk of changes in fair value relates primarily to its bank borrowings with a floating interest rate. As of 31 December 2023, we have not used any derivatives to hedge interest rate risk.

The Group's exposure to the foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position. As of 31 December 2023, we also engaged in foreign exchange hedging activities by entering into forward foreign exchange contracts and other methods to address our exposure to foreign currency risk.

## Capital Expenditure and Commitments

For the year ended 31 December 2023, the capital expenditures incurred by the Group was approximately RMB5,692.4 million, primarily relating to purchases of property, plant and equipment and purchases of right-of-use assets and other intangible assets.

As of 31 December 2023, the capital commitments of the Company were RMB3,240.7 million, which were related to the construction of plants that had been contracted but not yet paid for.

## Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2023, the Group did not have any material acquisitions and disposals of subsidiaries or associated companies.

## Pledge of the Group's Assets

As at 31 December 2023, the total pledged assets of the Group amounted to approximately RMB6,387.1 million, representing an increase of RMB825.3 million as compared with the beginning of 2023.

## Future Plans for Material Investments or Capital Assets

Save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 8 December 2023 (the "**Prospectus**"), the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

## Contingent Liabilities

As at 31 December 2023, we did not have any contingent liabilities.

## Subsequent Events

The Group has no material subsequent events after 31 December 2023 as of the date of this annual report.



# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## DIRECTORS

Name	Age	Position	Responsibilities	Date of first appointment	Date of joining the Group
Dr. Cao Hui (曹輝)	46	Chairman of the Board, executive Director and president	Formulation of the strategic direction and the day-to-day management of the Group	Appointed on 25 October 2017 as the chairman of the Board and president, on 31 March 2022 as a Director, and re-designated as an executive Director on 11 November 2022	8 October 2017
Dr. Wu Yanjun (吳艷軍)	50	Executive Director, Board secretary and one of the joint company secretaries	Formulation of corporate development strategies as well as external cooperation, financing and investment of the Group	Appointed on 31 March 2022 as a Director and the Board secretary, re-designated as an executive Director and appointed as one of the joint company secretaries on 11 November 2022	8 February 2022
Ms. Huang Jiehua (黃潔華)	43	Executive Director and chief financial officer	Responsible for the accounting and financial management of the Group	Appointed on 1 August 2021 as the chief financial officer, and on 4 August 2022 as a Director, and re-designated as an executive Director on 11 November 2022	1 August 2021
Mr. Hu Xiaodong (胡曉東)	51	Non-executive Director	Advising on business plans, major decisions and investment activities of the Group	Appointed on 12 June 2020 as a Director, and re-designated as a non-executive Director on 11 November 2022	12 June 2020
Mr. Wang Haijun (王海軍)	56	Non-executive Director	Advising on business plans, major decisions and investment activities of the Group	Appointed on 31 March 2022 as a Director, and re-designated as a non-executive Director on 11 November 2022	31 March 2022

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of first appointment	Date of joining the Group
Ms. Xiang Yangyang (項陽陽)	35	Non-executive Director	Advising on business plans, major decisions and investment activities of the Group	Appointed on 31 March 2022 as a Director, and re-designated as a non-executive Director on 11 November 2022	31 March 2022
Mr. Wei Yong (衛勇)	52	Non-executive Director	Advising on business plans, major decisions and investment activities of the Group	Appointed on 11 April 2022 as a Director, and re-designated as a non-executive Director on 11 November 2022	11 April 2022
Mr. Yu Xinhua (俞信華)	50	Non-executive Director	Advising on business plans, major decisions and investment activities of the Group	Appointed on 4 August 2022 as a Director, and re-designated as a non-executive Director on 11 November 2022	4 August 2022
Ms. Wong Sze Wing (黃斯穎)	46	Independent non-executive Director	Supervising and providing independent judgment to the Board	11 November 2022	Listing Date
Dr. Wang Zhenbo (王振波)	51	Independent non-executive Director	Supervising and providing independent judgment to the Board	11 November 2022	Listing Date
Dr. Ren Shenggang (任勝鋼)	49	Independent non-executive Director	Supervising and providing independent judgment to the Board	11 November 2022	Listing Date
Dr. Simon Chen	65	Independent non-executive Director	Supervising and providing independent judgment to the Board	11 November 2022	Listing Date

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Executive Directors

**Dr. Cao Hui (曹輝)**, aged 46, was appointed as the chairman of the Board and the president of the Company on 25 October 2017, as a Director on 31 March 2022, and was re-designated as an executive Director on 11 November 2022. Dr. Cao is responsible for the formulation of the strategic direction of the Group and the day-to-day management of the Company. He has also served as a director of Guangdong REPT BATTERO since October 2017, a director of REPT SAIC since April 2022, a director of Chongqing REPT BATTERO since March 2023, and the general partner of Wenzhou Ruili since August 2021.

Dr. Cao has over 20 years of experience in lithium-ion battery industry. Prior to joining the Company in October 2017, Dr. Cao successively served as a senior engineer at Shanghai Institute of Space Power-Sources (上海空間電源研究所) from March 2006 to February 2009, and a vice general manager of Shanghai Aerospace Power Technology Co., Ltd. (上海航天電源技術有限責任公司) from February 2009 to October 2017.

Dr. Cao obtained a bachelor's degree and a master's degree in metallurgy of non-ferrous metals from Central South University (中南大學) in July 2000 and June 2003, respectively, and a doctoral degree in materials physics and chemistry from the Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Sciences (中國科學院上海微系統與信息技術研究所) in March 2006. He was recognized as a researcher (研究員) by the Professional and Technical Position Evaluation Committee of Shanghai Aerospace Bureau (上海航天局專業技術職務評審委員會) in August 2014.

Dr. Cao has received multiple awards for his achievements, including the third prize of the "Shanghai Science and Technology Award" (上海市科學技術獎) by the People's Government of Shanghai in November 2015; "Shanghai Youth May Fourth Medal" (上海市青年五四獎章) by the Shanghai Committee of the Communist Youth League and the Shanghai Municipal Human Resources and Social Security Bureau in April 2016; "Shanghai Pioneer in Outstanding Technologies" (上海市優秀技術帶頭人) by the Shanghai Science and Technology Committee in April 2017; and an "Outstanding Talent in 'Special Support Plan for High-level Talents of Wenzhou City'" (溫州市"高層次人才特殊支持計劃"傑出人才) by the Office of the Leading Group for Talent Work, Wenzhou City Committee of the Communist Party of China in December 2019.

**Dr. Wu Yanjun (吳艷軍)**, aged 50, was appointed as a Director and the Board secretary on 31 March 2022, and was re-designated as an executive Director and appointed as one of the joint company secretaries on 11 November 2022. Dr. Wu is responsible for the formulation of corporate development strategies as well as the external cooperation, financing and investment of the Group. He has served as a director of REPT SAIC since April 2022, and a director of Chongqing REPT BATTERO since March 2023. He has also served as a director of XCMG Tsingshan (Xuzhou) New Energy Vehicle Co., Ltd. (徐工青山(徐州)新能源汽車股份有限公司), an associate of Mr. Xiang, since May 2021.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Prior to joining the Group in February 2022, Dr. Wu successively served as a marketing manager at Canadian Inco Metals (Shanghai) Co., Ltd. (加商英可金屬(上海)有限公司) from April 2005 to July 2009, a marketing manager for Vale Minerals China Co., Ltd. (淡水河谷英可金屬(上海)有限公司) from March 2009 to February 2010, and a nickel and stainless steel industry consultant for Shanghai Jinyan Business Consulting Firm (General Partnership) (上海金研商務諮詢事務所(普通合夥)) from February 2010 to October 2010. Dr. Wu then served as a deputy general manager of Shanghai Dingtang Metals Co., Ltd. (上海鼎唐金屬材料有限公司) from October 2010 to June 2011, a deputy general manager of Yangjiang Century Tsingshan Nickel Industry Co., Ltd. (陽江世紀青山鎳業有限公司) (currently known as Guangdong Century Tsingshan Nickel Industry Co., Ltd. (廣東世紀青山鎳業有限公司)) from June 2011 to March 2013, vice president of Tsingtuo Industrial Group Co., Ltd. (青拓實業集團有限公司) (currently known as Tsingtuo Group Co., Ltd. (青拓集團有限公司)) from March 2013 to February 2014, and the general manager of Shanghai Tsingshan Trading Co., Ltd. (上海青山貿易有限公司) from March 2014 to February 2022.

Dr. Wu obtained a bachelor's degree in metal materials and heat treatment from Central South University of Technology (中南工業大學) (now known as Central South University (中南大學)) in July 1998, a master's degree in materials science from Central South University in June 2001, and a doctoral degree in microelectronics and solid state electronics from Shanghai Jiao Tong University (上海交通大學) in March 2005. Dr. Wu obtained the qualification of intermediate economist (中級經濟師) issued by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) in November 2022.

**Ms. Huang Jiehua (黃潔華)**, aged 43, was appointed as the chief financial officer of the Company on 1 August 2021, as a Director on 4 August 2022, and was re-designated as an executive Director on 11 November 2022. Ms. Huang is responsible for the accounting and financial management of the Group. She has served as a supervisor of Zhejiang Ruiyuan since May 2022, and a supervisor of REPT SAIC since April 2022.

Prior to joining the Group in August 2021, Ms. Huang served in REPT Technology Group Co., Ltd. (瑞浦科技集團有限公司) consecutively as a deputy general manager of finance department from August 2011 to April 2016, and the general manager of finance department from May 2016 to July 2021.

Ms. Huang obtained an associate degree in accounting, through long-distance education, from Zhejiang Institute of Economics and Trade (浙江經貿職業技術學院) in February 2008.

### Non-executive Directors

**Mr. Hu Xiaodong (胡曉東)** (with former name as Hu Dong (胡冬)), aged 51, was appointed as a Director on 12 June 2020 and re-designated as a non-executive Director on 11 November 2022. He has also served as a director and vice chairman of the board of BatteroTech Shanghai since July 2020 and July 2022, respectively, a director of BatteroTech Jiashan since December 2020, a director of BatteroTech Wuhan since January 2021, a director of Zhejiang Ruiyuan since June 2022, a director of Guangdong REPT BATTERO since July 2021, and a director of BatteroTech Jiaying since April 2023.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Hu has served as the chairman of the board of Yongqing Technology since September 2019. He has served as a director of Ruitu Energy since November 2022. He has also served as a director of Zhejiang Yongtuo New Material Technology Co., Ltd. (浙江永拓新材料科技有限公司) since September 2021, a director of Zhejiang Qingmowan Energy Technology Co., Ltd. (浙江青墨灣能源科技有限公司) since October 2021, a director of Ruizhou Energy Co., Ltd. (瑞洲能源有限公司) since June 2020, a director of Wenzhou Xinyongtuo New Materials Co., Ltd. (溫州新永拓新材料有限公司) since January 2022, and a director of Zhejiang Weiming Shengqing Energy New Materials Co., Ltd. (浙江偉明盛青能源新材料有限公司) since August 2022.

Mr. Hu served in various positions as the deputy secretary of the Communist Party of China committee of Taishun County of Wenzhou City and the district mayor of Lucheng District of Wenzhou City from September 1997 to April 2019; and the general manager of Wenzhou Mingcheng Construction Investment Group Co., Ltd. (溫州市名城建設投資集團有限公司) from April 2019 to September 2019.

Mr. Hu obtained an associate degree in Chinese secretary of the department of administration from Wenzhou University (溫州大學) in July 1994; a bachelor's degree in law, through long-distance education, from Peking University (北京大學) in July 2005; and a master's degree in economics and management, through long-distance education, from the Central Party School of the Communist Party of China (中共中央黨校) in July 2012.

**Mr. Wang Haijun (王海軍)**, aged 56, was appointed as a Director on 31 March 2022 and re-designated as a non-executive Director on 11 November 2022.

Mr. Wang has served as a director and the president of Shanghai Decent since February 2007 and April 2007, respectively, and has served as the chairman of the board and president of Shanghai Decent since January 2024. Prior to that, he served as the general manager of Zhejiang Tsingshan Iron & Steel Co., Ltd. (浙江青山鋼鐵有限公司) from March 2004 to March 2005, and the chairman of the board of Tsingshan Holding Group Shanghai International Trading Co., Ltd. (青山控股集團上海國際貿易有限公司) from January 2005 to March 2007. From June 1992 to August 1995, Mr. Wang served as a deputy director of the liquid hydrogen and liquid oxygen rocket engine research laboratory at Beijing Aerospace Propulsion Institute (北京航天動力研究所). From August 1995 to March 2004, he served in multiple positions in Danieli Beijing Representative Office (意大利達涅利公司北京代表處), with his last positions as a deputy chief representative of Beijing Representative Office, and simultaneously, the chief representative of Shanghai Representative Office.

Mr. Wang obtained a master's degree in aerospace propulsion from the First Research Institute of the Ministry of Astronautics Industry (航空航天工業部第一研究院, currently known as China Academy of Launch Vehicle Technology (中國運載火箭技術研究院)) in August 1992.

**Ms. Xiang Yangyang (項陽陽)**, aged 35, was appointed as a Director on 31 March 2022 and re-designated as a non-executive Director on 11 November 2022.

Ms. Xiang has served as the general manager of the strategic investment department of Shanghai Decent since July 2018. She served in multiple positions in Citibank N.A., Singapore, including a management associate from July 2013 to August 2016. From December 2016 to July 2018, Ms. Xiang served in Golden Harbor International Pte Ltd as a deputy general manager.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Xiang obtained a bachelor's degree in economics and business from Brandeis University in May 2013. Ms. Xiang has been a candidate of the Finance CEOs Program of PBC School of Finance, Tsinghua University since 2019. Ms. Xiang Yangyang is the daughter of Mr. Xiang Guangda, our Controlling Shareholder.

**Mr. Wei Yong (衛勇)**, aged 52, was appointed as a Director on 11 April 2022 and re-designated as a non-executive Director on 11 November 2022.

Mr. Wei has served as the acting chief financial officer and vice president of SAIC Motor (上汽集團) (a company listed on the Shanghai Stock Exchange, stock code: 600104) since September 2016 and July 2019, respectively. He has also served as the general manager of SAIC HK Investment Co., Ltd. (上海汽車香港投資有限公司) since September 2016. Prior to that, Mr. Wei served as a special officer of the strategic committee of the board of Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)總公司) (currently known as Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司)) from October 2003 to December 2004. Mr. Wei held various positions in SAIC Motor (上汽集團), including (i) the deputy head of the president office from December 2004 to April 2011; (ii) an executive director of capital operation department from April 2011 to August 2015; (iii) a securities business representative from March 2012 to July 2019; (iv) the head of office of the board from June 2014 to March 2017; (v) an executive director of securities business department from August 2015 to September 2016; (vi) the general manager of both securities business department and financial business department from September 2016 to August 2019; and (vii) the board secretary from May 2018 to July 2019. From September 2016 to September 2021, he served as the general manager of SAIC Investment Management Co., Ltd. (上海汽車集團投資管理有限公司).

Mr. Wei successively served various positions in the comprehensive affairs division of the research office of Shanghai Committee of the Communist Party of China including (i) a senior staff member from December 1996 to April 2000, (ii) a principal staff member from April 2000 to February 2001, and (iii) deputy division researcher from February 2001 to January 2002, and in the economy division of the research office of Shanghai Committee of the Communist Party of China as a deputy division director from January 2002 to October 2003.

Mr. Wei obtained a bachelor's degree in economics from School of Finance majoring in insurance, and a master's degree in economics majoring in monetary banking from Shanghai University of Finance and Economics (上海財經大學) in June 1993 and December 1995, respectively.

**Mr. Yu Xinhua (俞信華)**, aged 50, was appointed as a Director on 4 August 2022 and re-designated as a non-executive Director on 11 November 2022.

Mr. Yu joined IDG Capital in October 2005, and currently serves as a partner, primarily responsible for investments in advanced technology and smart manufacturing sectors.

Mr. Yu obtained a bachelor's degree in thermal processing technology and equipment from Zhejiang University (浙江大學) in June 1997. Mr. Yu was recognized multiple times as one of the top investors in China by the list of "Forbes China Top 100 Venture Capitalists" (福布斯中國創投人排行榜Top 100) in 2021 and the list of "China Venture Top 100 Best Venture Capitalists in China" (投中中國最佳創業投資人Top 100) in 2020.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Independent Non-executive Directors

**Ms. Wong Sze Wing (黃斯穎)**, aged 46, was appointed as our independent non-executive Director on 11 November 2022 with effect from the Listing Date.

Ms. Wong served as a manager at PricewaterhouseCoopers from September 2001 to October 2006. She then successively served as the chief financial officer of Orange Sky Entertainment Group (International) Holding Company Limited (橙天娛樂集團(國際)控股有限公司) from August 2007 to July 2008. She served as the joint company secretary of Yingde Gases Group Company Limited (盈德氣體集團有限公司) from February 2009 to March 2017 and has served as its chief financial officer since July 2010. She has been an independent non-executive director of Orange Sky Golden Harvest Entertainment (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1132) since April 2010, an independent non-executive director of Rici Healthcare Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1526) since June 2016, an independent non-executive director of Wangsu Science and Technology Co., Ltd. (網宿科技股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 300017) from April 2017 to June 2023, an independent non-executive director of Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1772, and listed on the Shenzhen Stock Exchange, stock code: 002460) since July 2018, and an independent non-executive director of Giant Biogene Holding Co., Ltd (a company listed on the Hong Kong Stock Exchange, stock code: 2367) since April 2022. She also served as an independent director of Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002236) from May 2017 to August 2020 and an independent non-executive director of Xinjiang La Chapelle Fashion Co., Ltd. (新疆拉夏貝爾服飾股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 06116) from January 2021 to June 2021.

Ms. Wong obtained a bachelor's degree in business administration from University of Hong Kong in November 2001. She also obtained an executive master of business administration degree from China Europe International Business School in July 2012. Ms. Wong became a chartered member and then a fellow of the Hong Kong Institute of Certified Public Accountants.

**Dr. Wang Zhenbo (王振波)**, aged 51, was appointed as our independent non-executive Director on 11 November 2022 with effect from the Listing Date.

Dr. Wang has served in Harbin Institute of Technology (哈爾濱工業大學) since July 1998, consecutively held positions as a lecturer, and an associate researcher, and currently serves as a professor and doctoral supervisor since December 2013 and April 2011, respectively, with his researches mainly focusing on advanced chemical power supplies, hydrogen fuel cells, electrocatalysis, and nanoelectrode materials. He served as the head of department of electrochemical engineering of Harbin Institute of Technology from May 2019 to May 2021. He has also served as a distinguished professor at Shenzhen University (深圳大學) since September 2020.

Dr. Wang obtained a bachelor's degree in electrochemical production process in July 1998, a master's degree in applied chemistry in January 2003, and a doctoral degree in applied chemistry in December 2005 from Harbin Institute of Technology.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Wang was selected as a member of Young and Middle-Aged Industrial Leaders of Science and Technology by Ministry of Science and Technology of the PRC (科技部中青年科技創新領軍人才) in October 2018, as a member of National High-Level Personnel (國家級高層次人才) in February 2019, as a member of Industry Leading Talent of Taishan, Shandong Province (山東省泰山產業領軍人才) in December 2017, as a member of Program of Innovative and Entrepreneurial Talent of Jiangsu Province (江蘇省「雙創人才」) in July 2019, and was elected in the Longjiang Scholars Program of Heilongjiang Province (黑龍江省「龍江學者」) as a distinguished professor in October 2017. He was awarded the Highly Cited Chinese Researchers by Elsevier for eight consecutive years from 2014 to 2021. He won the First Prize of Natural Science in Heilongjiang Province (黑龍江省自然科學一等獎) twice in July 2008 and December 2018, respectively, the Second Prize of Zhejiang Province Achievement Transformation Award (浙江省科技成果轉化二等獎) in 2012, and the First Prize of Harbin Institute of Technology Teaching Achievement Award (哈爾濱工業大學教學成果一等獎) in December 2019.

**Dr. Ren Shenggang (任勝綱)**, aged 49, was appointed as our independent non-executive Director on 11 November 2022 with effect from the Listing Date.

Dr. Ren has served in Central South University (中南大學) since July 2004, and is currently serving as a professor since October 2010, the secretary of Party Committee from January 2019 to November 2023 and a doctoral supervisor since July 2012 at business school, the director of the center for research on national governance policy and business organization since December 2019, and the deputy executive director of the collaborative innovation center of building a resource-conserving, environment-friendly society and ecological civilization, which was approved as a “2011 Collaborative Innovation Center” of Hunan Province, since September 2018.

Dr. Ren obtained a doctoral degree in management in June 2004 from Fudan University. He was selected into the “Program for New Century Excellent Talents in University” of the Ministry of Education (教育部新世紀優秀人才支持計劃) in December 2012.

**Dr. Simon Chen**, aged 65, was appointed as our independent non-executive Director on 11 November 2022 with effect from the Listing Date.

Dr. Chen has served as an independent director in TSP Canada Towers Inc. since November 2014 and as the R&D director of Wenzhou Zhenzhong Foundation Construction Machinery Technology Co.,Ltd. (溫州振中基礎工程機械科技有限公司) since 2022. Prior to that, he served in the faculty of civil engineering (currently known as the college of civil engineering and architecture) of Zhejiang University (浙江大學) as a lecturer from August 1985 to December 1988. After that, he served as a postdoctoral researcher in the University of Alberta from August 1993 to October 1994, and the chief engineer in Waiward Construction Management Inc. from October 1994 to March 1997. He then served in Atomic Energy of Canada Ltd from May 1997 to July 2006. He then served as the SCM strategic manager in Suncor Energy Inc. from 2007 to 2008, an onshore manager in Westinghouse-Shaw Consortium from 2008 to 2011, a technical advisor in China General Nuclear Power Corporation (中國廣核集團有限公司) in April 2014, and a senior manager in TC Energy Corporation from April 2014 to October 2020.

Dr. Chen obtained a bachelor’s degree in civil engineering and a master’s degree in structural engineering from the faculty of civil engineering of Zhejiang University in July 1982 and July 1985, respectively. He then obtained a doctoral degree in structural engineering from the University of Alberta in November 1993.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### SUPERVISORS

Name	Age	Position	Responsibilities	Date of first appointment	Date of joining the Group
Mr. Qu Enci (瞿恩慈)	41	Shareholder representative Supervisor and Chairman of the Supervisory Committee	Overseeing the operations, financial activities, internal control and risk conditions of the Group	31 March 2022	31 March 2022
Mr. Fang Yihui (房熠暉)	36	Shareholder representative Supervisor	Overseeing the operations, financial activities, internal control and risk conditions of the Group	4 August 2022	4 August 2022
Ms. Jin Shanyan (金珊燕)	52	Employee representative Supervisor and financial manager	Overseeing the operations, financial activities, internal control and risk conditions of the Group	31 March 2022	1 January 2018

**Mr. Qu Enci (瞿恩慈)**, aged 41, was appointed as a shareholder representative Supervisor and the chairman of the Supervisory Committee of the Company on 31 March 2022. He has also served as a supervisor of Guangdong REPT BATTERO since January 2022, and a supervisor of BatteroTech Jiaxing since April 2023.

Mr. Qu has held various positions in relation to financial management in subsidiaries of Tsingshan Group since February 2011. He has served as the deputy general manager of finance from November 2019 to January 2022 and the general manager of finance of Yongqing Technology since January 2022. Mr. Qu used to serve as the accountant in charge of Zhejiang Tsingshan Iron & Steel Co., Ltd. (浙江青山鋼鐵有限公司) from February 2006 to April 2007, and the financial director of Gihoo Group Industry Co., Ltd. (傑豪集團有限公司) from April 2007 to January 2011.

Mr. Qu obtained an associate degree in financial accounting from Zhejiang Forestry Institution (浙江林學院) (now known as Zhejiang A&F University (浙江農林大學)) in June 2004 and a bachelor's degree, through long-distance education, in business administration from Shanghai Jiao Tong University in January 2007. He obtained the senior accountant qualification from the Human Resources and Social Security Department of Fujian Province in September 2019.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Fang Yihui (房熠暉)**, aged 36, was appointed as a shareholder representative Supervisor of the Company on 4 August 2022. Mr. Fang has served as a deputy general manager of Beijing Wenming Investment Fund Management Co., Ltd. (北京聞名投資基金管理有限公司) since September 2019. Prior to that, he served as a manager of institutions department of China Securities Co., Ltd. Beijing Anli Road Business Department (中信建投證券股份有限公司北京安立路證券營業部) (currently known as China Securities Co., Ltd. Beijing Chaoyang Branch, 中信建投證券股份有限公司北京朝陽分公司) from September 2015 to July 2018.

Mr. Fang obtained a master of business administration degree from Oklahoma City University in July 2015. He obtained securities practice qualification from the Securities Association of China in March 2016, and fund practice qualification from the Asset Management Association of China in November 2021.

**Ms. Jin Shanyan (金珊燕)**, aged 52, was appointed as an employee representative Supervisor of the Company on 31 March 2022. She has also served as a supervisor of Chongqing REPT BATTERO since March 2023.

Ms. Jin joined the Company in January 2018 and has served as a financial manager of the Company since then. Prior to joining our Group, from May 2012 to December 2018, Ms. Jin served in multiple positions in Tsingshan Group, with her last positions as the director of accounting department and an assistant to the general manager of finance.

Ms. Jin obtained an associate degree in accounting, through long-distance education, from Zhejiang Finance and Economics Institution (浙江財經學院) (now known as Zhejiang University of Finance and Economics (浙江財經大學)) in June 2005, and a bachelor's degree in accounting, through long-distance education, from Lanzhou University (蘭州大學) in July 2013. She obtained the intermediate accountant qualification from the Wenzhou Municipal Human Resources and Social Security Bureau (溫州市人力資源和社會保障局) in May 2011.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of first appointment	Date of joining the Group
Dr. Cao Hui (曹輝)	46	Chairman of the Board, executive Director and president	Formulation of the strategic direction and the day-to-day management of the Group	Appointed on 25 October 2017 as the chairman of the Board and president, on 31 March 2022 as a Director, and re-designated as an executive Director on 11 November 2022	8 October 2017
Dr. Wu Yanjun (吳艷軍)	50	Executive Director, Board secretary and one of the joint company secretaries	Formulation of corporate development strategies as well as external cooperation, financing and investment of the Group	Appointed on 31 March 2022 as a Director and the board secretary, redesignated as an executive Director and appointed as one of the joint company secretaries on 11 November 2022	8 February 2022
Ms. Huang Jiehua (黃潔華)	43	Executive Director and chief financial officer	Responsible for the accounting and financial management of the Group	Appointed on 1 August 2021 as the chief financial officer, and on 4 August 2022 as a Director, and re-designated as an executive Director on 11 November 2022	1 August 2021
Dr. Hou Min (侯敏)	48	Vice president	Responsible for R&D of cell, module and system technology and test and trial production platform management of the Group	1 November 2017	1 November 2017

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of first appointment	Date of joining the Group
Mr. Yu Zhaoyu (余招宇)	46	Vice president	Construction of production facilities and production operations of the Group	8 October 2017	8 October 2017
Mr. Cao Kai (曹楷)	42	Vice president	Responsible for R&D of passenger car pack and BMS technology in the technology center of the Group, and system manufacturing management of the Group	Appointed on 1 February 2018 as the director of system technology and on 20 April 2022 as a vice president	22 January 2018

For the biographical details of Dr. Cao Hui, Dr. Wu Yanjun and Ms. Huang Jiehua, please refer to “Executive Directors” in this section.

**Dr. Hou Min (侯敏)**, aged 48, was appointed as a vice president of the Company on November 1, 2017 and is responsible for the R&D of cell, module and system technology and test and trial production platform management of the Group. Dr. Hou has also served as the general manager of REPT Qingchuang since November 2017.

Prior to joining the Group in November 2017, Dr. Hou served as an assistant researcher in Chengdu Institute of Organic Chemistry, Chinese Academy of Sciences (中國科學院成都有機化學研究所) from 2003 to 2005, and consecutively as a R&D engineer and the director of R&D of Shanghai Nandu Energy Technology Co., Ltd. (上海南都能源科技有限公司) from 2006 to 2009. She then served as the manager of technology center of Shanghai Aerospace Power Technology Co., Ltd. (上海航天電源技術有限責任公司) from 2009 to 2017.

Dr. Hou obtained a bachelor’s degree in chemical engineering and technology, and a master’s degree in applied chemistry from Harbin Institute of Technology in July 2000 and July 2003, respectively. She obtained a doctoral degree in chemical engineering and technology from Harbin Institute of Technology in January 2022. She was recognized as a senior engineer by the Professional and Technical Position Evaluation Committee of Shanghai Aerospace Bureau (上海航天局專業技術職務評審委員會) in August 2013, and a chief senior engineer by the Shanghai Natural Science Research Series Senior Professional and Technical Title Qualification Evaluation Committee (上海市自然科學研究系列高級專業技術職務任職資格評審委員會) in December 2020.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Hou has also received multiple honors for her achievements in battery industry, including the second prize of “Technology Innovation Individual Award” by Shanghai Academy of Spaceflight Technology (上海航天技術研究院) in February 2015; the third prize of “Science and Technology Invention Award” by the China Aerospace Science and Technology Corporation (中國航天科技集團有限公司) in April 2015; the third prize of “Shanghai Science and Technology Award” by Shanghai Municipal People’s Government in November 2015; the honorary title of “Star of Effectiveness and Excellence” (創效創優明星) by Shanghai Academy of Spaceflight Technology in January 2017; and the honorary title of “Red-Flag Bearer on March 8th” (三八紅旗手) by Shanghai Academy of Spaceflight Technology in March 2017, and she was selected as a Leading Talent for Scientific and Technological Innovation in “Special Support Plan for High-level Talents” of Wenzhou City by the Leading Group for Talent Work of Wenzhou Municipal Committee of the Communist Party of China in October 2020. She was appointed as an expert of Wenzhou Science and Technological Innovation Think Tank (溫州市科技創新智庫專家) in October 2021. Dr. Hou has participated in the development of more than 100 patents, and has published several academic papers.

**Mr. Yu Zhaoyu (余招宇)**, aged 46, was appointed as a vice president of the Company on 8 October 2017 and is responsible for the construction of production facilities and production operations of the Group. He has also served as the chairman of the Board of REPT Qingchuang since January 2018, a director and the general manager of Zhejiang Ruixu since December 2019, the chairman of the board and general manager of REPT SAIC since April 2022, a director of Wenzhou Xinke Technology Co., Ltd. (溫州芯殼科技有限公司), since April 2022, and the chairman and manager of Chongqing REPT BATTERO since March 2023. He has also served as the executive director and general manager of Liuzhou Qingyu Information Technology Services Co., Ltd. (柳州青宇信息技術服務有限公司) since April 2022.

Prior to joining the Group in October 2017, Mr. Yu worked as a director of process engineering department in Zhejiang Narada Power Source Co., Ltd. (浙江南都電源動力股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300068) from February 2009 to February 2011, and manager of manufacturing center of Shanghai Aerospace Power Technology Co., Ltd. (上海航天電源技術有限責任公司) from March 2015 to September 2017.

Mr. Yu obtained a bachelor’s degree in metallurgical engineering from Central South University in June 2003. He was recognized as a senior engineer by China Aerospace Science and Technology Corporation in August 2014.

Mr. Yu has received the honorary title of “Star of Effectiveness and Excellence” (創效創優明星) by Shanghai Academy of Spaceflight Technology in February 2015, and was recognized as a leading talent in scientific and technological innovation of “Luofeng Leading Goose Plan” (羅峰領雁計劃) of Wenzhou City in July 2020.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Cao Kai (曹楷)**, aged 42, was appointed as the director of system technology of the Company on 1 February 2018, and as a vice president of the Company on 20 April 2022. He is responsible for the R&D of passenger car pack and BMS technology in the technology center of the Group, and system manufacturing management of the Group. He has also served as a director of SAIC REPT EV Battery System Co., Ltd. (賽克瑞浦動力電池系統有限公司) since April 2022.

Prior to joining the Group in February 2018, Mr. Cao worked in Raintree Scientific Instruments (Shanghai) Co., Ltd. (睿勵科學儀器(上海)有限公司) from January 2006 to December 2006. He then held a professional technical position in Pan Asia Technical Automotive Center Co., Ltd. (泛亞汽車技術中心有限公司) from December 2009 to April 2016. He served in several positions in Changzhou Durui Lianxing Investment Management Co., Ltd. (常州杜瑞聯行投資管理有限公司), including an assistant chief engineer for EV batteries from April 2016 to August 2016 and a counsel from August 2016 to February 2018.

Mr. Cao obtained a bachelor's degree in automotive engineering from Tsinghua University in July 2002, and a master's degree in optical engineering from Shanghai Institute of Optics and Fine Mechanics, Chinese Academy of Sciences (中國科學院上海光學精密機械研究所) in July 2005.

### JOINT COMPANY SECRETARIES

**Dr. Wu Yanjun (吳艷軍)** is one of our joint company secretaries. For the biographical details of Dr. Wu, please refer to "Executive Directors" in this section.

**Ms. Zhang Xiao (張瀟)** is one of our joint company secretaries. Ms. Zhang is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over eleven years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2019.

Ms. Zhang obtained a bachelor's degree in computer science from The Chinese University of Hong Kong in 2010 and a master's degree in corporate governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in 2018.

# REPORT OF THE DIRECTORS

The Board is pleased to present this annual report and the audited financial statements of the Group for the year ended 31 December 2023.

## GLOBAL OFFERING

The Company was incorporated in the PRC on 25 October 2017 and converted into a joint stock limited liability company on 7 April 2022. The Shares were listed on the Main Board of the Hong Kong Stock Exchange on 18 December 2023 through the Global Offering. The Company listed on the Stock Exchange with an initial issue of 116,070,200 H Shares. The net proceeds raised from the Global Offering amounted to approximately HK\$2,013.1 million. For details of the Global Offering, please refer to the Prospectus.

## PRINCIPAL BUSINESSES AND ACTIVITIES

The Group mainly engages in the design, R&D, production and sales of EV and ESS lithium-ion batteries from cell level to system application. With electrification and intelligence as our core, we drive integrated innovation in market applications. We provide premium solutions and services for global new energy vehicle power and smart electrical energy storage through innovations in material and material portfolio as well as innovations in system structure, environmental limit-pushing manufacturing and business model. The Group's main products consist of EV battery products and ESS battery products. There were no significant changes in the nature of the Group's activities during the year ended 31 December 2023.

## BUSINESS REVIEW AND PROSPECT

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the "Management Discussion and Analysis" section. Particulars of important events affecting the Group that have occurred since the end of the financial year are provided in the "Management Discussion and Analysis" section. An analysis of the Group's performance during the year using financial key performance indicators and details of the capital structure of the Company are provided in the "Management Discussion and Analysis" section.

In addition, information of the Company's environmental policies and performance can be found in the section headed "Environmental Policies and Performance" of this report of the Directors. The Company's compliance with relevant laws and regulations which have a significant impact on the Group are provided in the section headed "Compliance with Laws and Regulations" of this report of the Directors. The description of possible risks and uncertainties facing the Group is set out in the section headed "Principal Risks and Uncertainties" of this report of the Directors. An account of the Company's relationship with its employees, customers, and suppliers is disclosed in the section headed "Relationship with Stakeholders" of this report of the Directors.

## RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 85 and 86.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in "Management Discussion and Analysis" of this annual report on pages 7 to 23.

## DIVIDEND POLICY

According to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. We may stop allocating the net profit when the aggregate balance of the statutory common reserve fund has reached more than 50% of our registered capital.

Since incorporation, we have not declared or paid any dividends on our Shares. We do not have any present plan to declare or pay any dividends on our Shares in the foreseeable future.

Any future plan to pay dividends will be made at the discretion of the Board subject to approval of our Shareholders. Any declaration as well as the amount of such declaration and payment will be subject to our Articles of Association and the relevant laws. Even if we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant.

## FINAL DIVIDEND

The Board resolved not to recommend any final dividend for the year ended 31 December 2023 (2022: Nil).

## ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held by the Company on Thursday, 20 June 2024. A notice convening the AGM will be published and dispatched (if necessary) to the Shareholders in accordance with the requirements of the Articles of Association and the Listing Rules in due course. In order to ascertain Shareholders' entitlement to attend and vote at the AGM, the H Share register of members of the Company will be closed from Monday, 17 June 2024 to Thursday, 20 June 2024 (both days inclusive), during which periods no transfer of H Shares will be registered.

In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant Share certificates must be lodged for registration with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 June 2024. Shareholders whose names appear on the register of members of the Company on Thursday, 20 June 2024 will be entitled to attend and vote at the AGM.

## SHARE CAPITAL

As at 31 December 2023, the authorised share capital of the Company was RMB2,276,874,050, divided into 2,276,874,050 Shares of RMB1.00 each. Details of movements in the share capital of the Company during the year ended 31 December 2023 are set out in note 31 to the financial statements.



## REPORT OF THE DIRECTORS

### SUBSIDIARIES

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

### AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Wong Sze Wing, Dr. Simon Chen and Dr. Ren Shenggang. Currently, Ms. Wong Sze Wing is the chairlady of the Audit Committee, and she has the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 and has confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has also discussed auditing and financial reporting matters.

### RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2023 are set out in note 45 to the financial statements on page 187 and the consolidated statement of changes in equity on page 89, respectively.

### DISTRIBUTABLE RESERVES

As calculated in accordance with the applicable laws in the PRC where the Company was registered, the Company had no distributable reserves available as at 31 December 2023.

### DONATIONS

During the year ended 31 December 2023, neither the Company nor its subsidiaries made any charitable donations.

### BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2023 are set out in note 28 to the financial statements.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 18 December 2023 and the net proceeds raised from the Global Offering were approximately HK\$2,013.1 million. During the period from the Listing Date to 31 December 2023, the Group has not utilized any of the proceeds from the Global Offering. The proceeds from the Global Offering will continue to be utilized in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, namely:

Item	Approximate % of the total net proceeds	Available net proceeds raised from the Global Offering (in HK\$ millions)	Actual net amount utilized as at 31 December 2023 (in HK\$ millions)	Unutilized net amount as at 31 December 2023 (in HK\$ millions)	Expected timeline for the balance of net proceeds raised
For the expansion of our production capacity	80.0%	1,610.5	–	1,610.5	31 December 2024
For the R&D of core technologies for advanced lithium-ion batteries, advanced materials and optimized manufacturing processes	10.0%	201.3	–	201.3	31 December 2025
For the working capital and general corporate purpose	10.0%	201.3	–	201.3	31 December 2024
<b>Total</b>	<b>100.0%</b>	<b>2,013.1</b>	<b>–</b>	<b>2,013.1</b>	

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, purchases from the Group’s five largest suppliers accounted for 35.4% of the Group’s total purchases. In addition, purchases from the Group’s single largest supplier accounted for 12.2% of the Group’s total purchases during the same period.

For the year ended 31 December 2023, the revenue from the Group’s five largest customers accounted for 36.8% of the Group’s total revenue. In addition, the revenue from the Group’s single largest customer accounted for 14.3% of the Group’s total revenue during the same period.

Yongqing Technology, a Controlling Shareholder of the Company, was also the Group’s single largest customer during the year ended 31 December 2023. As at 31 December 2023, Yongqing Technology was directly owned by Tsingshan Group as to 51%, Shanghai Decent as to 43.5%, Dr. Cao Hui as to 1% and Mr. Hu Xiaodong as to 1.5% of its equity interests.

Save as disclosed above, during the year ended 31 December 2023, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares of the Company) had interests in the five largest suppliers or customers of the Company.

## REPORT OF THE DIRECTORS

### SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

The Company did not have any significant investment, acquisition and disposal for the year ended 31 December 2023.

### PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of the Company are set out in note 13 to the financial statements.

### CHANGES TO BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The changes in the particulars of the Directors and Supervisors during the Reporting Period and as of the date of this annual report are set out as follows:

Mr. Wang Haijun has served as the chairman of the board of directors and president of Shanghai Decent since January 2024.

Ms. Wong Sze Wing ceased to be an independent non-executive director of Wangsu Science and Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 300017) with effect from June 2023.

Dr. Ren Shenggang ceased to be the secretary of the Party Committee of the Business School, Central South University with effect from November 2023.

Dr. Cao Hui has been appointed as the chairman of the Environmental, Social and Governance Committee, Ms. Xiang Yangyang and Ms. Huang Jiehua have been appointed as members of the Environmental, Social and Governance Committee with effect from 26 March 2024.

Save as disclosed in this annual report, during the Reporting Period and until the date of this annual report, there has been no change in the information of Directors, Supervisors and senior management that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

During the Reporting Period and as at the date of this annual report, the Board comprises twelve Directors in total. The Supervisory Committee consists of three Supervisors. There are six members of senior management of the Company, including Dr. Cao Hui, Dr. Wu Yanjun, Ms. Huang Jiehua, Dr. Hou Min, Mr. Yu Zhaoyu and Mr. Cao Kai.

Information about the details of the Directors, Supervisors and senior management of the Company is set out in the section headed "Directors, Supervisors and Senior Management".

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

### SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into a service contract with each of the Directors and Supervisors. The term of appointment of each Director and Supervisor is three years following each Director's or Supervisor's appointment date, which may be terminated pursuant to relevant terms of the respective service contract.

None of the Directors or Supervisors has entered into any service contract with the Company or any of its subsidiaries which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, (i) there were no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors or its connected entities had, directly or indirectly, a material interest at any time during the Reporting Period; (ii) there were no contracts of significance in relation to the Group's business between the Company, or any of its subsidiaries and a Controlling Shareholder or any of its subsidiaries at any time during the Reporting Period; and (iii) there were no contracts of significance in relation to the Group's business whether or not for provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries at any time during the Reporting Period.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

### INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

The Directors have confirmed that other than business of the Group, none of the Directors holds any interest in business which directly or indirectly competes or is likely to compete with the business of the Group.

### NON-COMPETITION UNDERTAKING

Mr. Xiang, Zhejiang Tsingshan, Shanghai Decent, Tsingshan Group, Yongqing Technology, Ruitu Energy and Wenzhou Jingli (each being our Controlling Shareholder) entered into a non-competition undertaking in favor of the Company on 4 December 2023 (the "**Non-competition Undertaking**"). For more details, please refer to the section headed "Relationship with the Controlling Shareholders – Non-competition Undertaking" in the Prospectus of the Company.

The Company has received an annual declaration in writing from each of Mr. Xiang, Zhejiang Tsingshan, Shanghai Decent, Tsingshan Group, Yongqing Technology, Ruitu Energy and Wenzhou Jingli confirming that it had complied with the non-competition undertaking provided to the Company. The independent non-executive Directors reviewed the status of compliance and enforcement of the non-competition undertaking and confirmed that all of the undertakings have been complied with by each of the abovementioned Controlling Shareholders for the period from the date of the Non-competition Undertaking to 31 December 2023.

## REPORT OF THE DIRECTORS

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) were as follows:

#### Interests/Short Positions in the Shares of the Company

Name	Nature of Interest/Capacity	Class of Shares	Number of Shares held	Approximate Percentage of Shareholding in the Domestic Unlisted Shares <sup>(1)</sup>	Approximate Percentage of Shareholding in the Total Issued Share Capital <sup>(2)</sup>
Dr. Cao Hui	Interest in controlled corporations <sup>(3)</sup>	Domestic Unlisted Shares	360,000,000 (Long position)	18.28%	15.81%

Notes:

- (1) Calculated based on a total of 1,969,495,912 Domestic Unlisted Shares in issue as at 31 December 2023.
- (2) Calculated based on a total of 2,276,874,050 Shares in issue as at 31 December 2023.
- (3) As of 31 December 2023, Dr. Cao Hui is the general partner of Wenzhou Ruili, and held approximately 41.1% limited partnership interests in Shanghai Fuqin Enterprise Development Partnership (Limited Partnership) (上海孚勤企業發展合夥企業(有限合夥), "Shanghai Fuqin"), which held approximately 72.7% limited partnership interests in Wenzhou Jingli. By virtue of the SFO, Dr. Cao Hui is deemed to be interested in the Shares held by Wenzhou Ruili and Wenzhou Jingli.

## Interests/Short Positions in Associated Corporations

Name	Name of Associated Corporation	Nature of Interest/Capacity	Amount of Registered Capital Held	Approximate Percentage of Interest as of 31 December 2023
Dr. Cao Hui	Yongqing Technology	Beneficial owner	RMB5,800,000	1%
Dr. Wu Yanjun	Qingtuo Group Co., Ltd. (青拓集團有限公司) <sup>(1)</sup>	Beneficial owner	RMB4,400,000	0.5%
Mr. Hu Xiaodong	Yongqing Technology	Beneficial owner	RMB8,700,000	1.5%
Mr. Wang Haijun	Zhejiang Yongtuo New Material Technology Co., Ltd. (浙江永拓新材料科技有限公司) <sup>(2)</sup>	Beneficial owner	RMB1,600,000	2%

Notes:

- (1) As of 31 December 2023, Tsingshan Group is the largest shareholder of Qingtuo Group Co., Ltd. with shareholding of 48.85% in Qingtuo Group Co., Ltd.
- (2) As of 31 December 2023, Zhejiang Yongtuo New Material Technology Co., Ltd. is a non-wholly owned subsidiary of Yongqing Technology.

Save as disclosed above, as at 31 December 2023, none of the Directors, Supervisors or the chief executive of the Company have an interest or short position in the Shares or debentures of the Company or any interests in the shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which: (i) will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO); (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) will be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

## REPORT OF THE DIRECTORS

### Interests of Substantial Shareholders

So far as the Directors are aware, as at 31 December 2023, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interest or short positions in the Shares of the Company which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register kept by the Company:

Name	Nature of Interest/Capacity	Class of Shares	Number of Shares held	Approximate Percentage of Shareholding in the Domestic Unlisted Shares <sup>(1)</sup>	Approximate Percentage of Shareholding in the Total Issued Share Capital <sup>(2)</sup>
Wenzhou Jingli	Beneficial owner	Domestic Unlisted Shares	264,000,000 (Long position)	13.40%	11.59%
Yongqing Technology <sup>(3)</sup>	Beneficial owner	Domestic Unlisted Shares	1,089,419,482 (Long position)	55.31%	47.85%
	Interest in controlled corporations	Domestic Unlisted Shares	264,000,000 (Long position)	13.40%	11.59%
Ruitu Energy <sup>(3)</sup>	Interest in controlled corporations	Domestic Unlisted Shares	264,000,000 (Long position)	13.40%	11.59%
Shanghai Fuqin <sup>(3)</sup>	Interest in controlled corporations	Domestic Unlisted Shares	264,000,000 (Long position)	13.40%	11.59%
Tsingshan Group <sup>(4)</sup>	Interest in controlled corporations	Domestic Unlisted Shares	1,353,419,482 (Long position)	68.72%	59.44%
Shanghai Decent <sup>(4)</sup>	Interest in controlled corporations	Domestic Unlisted Shares	1,353,419,482 (Long position)	68.72%	59.44%
Mr. Xiang <sup>(5)</sup>	Interest in controlled corporations	Domestic Unlisted Shares	1,353,419,482 (Long position)	68.72%	59.44%
Dr. Cao Hui <sup>(3)(6)</sup>	Interest in controlled corporations	Domestic Unlisted Shares	360,000,000 (Long position)	18.28%	15.81%
Jiaying SAIC Qirui Equity Investment Partnership (Limited Partnership) (嘉興上汽頊瑞股權投資合夥企業(有限合夥), "Jiaying SAIC")	Beneficial owner	Domestic Unlisted Shares	187,828,067 (Long position)	9.54%	8.25%
Qingdao SAIC Innovation and Upgrade Industry Equity Investment Fund Partnership (L.P.) (青島上汽創新升級產業股權投資基金合夥企業(有限合夥), "Qingdao SAIC") <sup>(7)</sup>	Beneficial owner	Domestic Unlisted Shares	56,285,178 (Long position)	2.86%	2.47%
	Interest in controlled corporations	Domestic Unlisted Shares	187,828,067 (Long position)	9.54%	8.25%

Notes:

- (1) Calculated based on a total of 1,969,495,912 Domestic Unlisted Shares in issue as at 31 December 2023.
- (2) Calculated based on a total of 2,276,874,050 Shares in issue as at 31 December 2023.
- (3) As of 31 December 2023, Yongqing Technology held 100% equity interests in Ruitu Energy, which was the general partner of Wenzhou Jingli. Shanghai Fuqin held approximately 72.7% limited partnership interests in Wenzhou Jingli. Ruitu Energy was the general partner of Shanghai Fuqin and Dr. Cao Hui held approximately 41.1% limited partnership interests in Shanghai Fuqin. Therefore, each of Yongqing Technology, Ruitu Energy, Shanghai Fuqin and Dr. Cao Hui was deemed to be interested in the 264,000,000 Shares held by Wenzhou Jingli under the SFO.
- (4) As of 31 December 2023, Tsingshan Group and Shanghai Decent held 51% and 43.5% equity interests in Yongqing Technology, respectively. Therefore, each of Tsingshan Group and Shanghai Decent was deemed to be interested in the 1,089,419,482 and 264,000,000 Shares directly held by Yongqing Technology and Wenzhou Jingli, respectively, under the SFO.
- (5) As of 31 December 2023, Mr. Xiang directly held approximately 22.3% equity interests in Tsingshan Group. Mr. Xiang also held indirect equity interests in Tsingshan Group through (a) Shanghai Decent, of which Mr. Xiang was an approximately 71.5%-shareholder, which directly held approximately 23.7% equity interests in Tsingshan Group and (b) Zhejiang Tsingshan, of which Mr. Xiang was an approximately 80%-shareholder, which directly held approximately 11.5% equity interests in Tsingshan Group. Therefore, Mr. Xiang directly and indirectly controlled approximately 57.5% equity interests in Tsingshan Group and was deemed to be interested in the 1,089,419,482 and 264,000,000 Shares directly held by Yongqing Technology and Wenzhou Jingli, respectively, under the SFO.
- (6) As of 31 December 2023, Dr. Cao Hui was the general partner of Wenzhou Ruili. Therefore, Dr. Cao Hui was deemed to be interested in the 96,000,000 Shares held by Wenzhou Ruili under the SFO.
- (7) As of 31 December 2023, Qingdao SAIC held 49.95% limited partnership interests in Jiaxing SAIC. Therefore, Qingdao SAIC was deemed to be interested in the 187,828,067 Shares held by Jiaxing SAIC under the SFO.

As of 31 December 2023, Shanghai Shangqi Investment Management Partnership (Limited Partnership) (上海尚頤投資管理合夥企業(有限合夥)), "**Shangqi Capital**") was the general partner and fund manager of Jiaxing SAIC and was also one of the general partners and the fund manager of Qingdao SAIC. Jiaxing Qihe Equity Investment Partnership (Limited Partnership) (嘉興頤合股權投資合夥企業(有限合夥)), "**Jiaxing Qihe**") held 45% limited partnership interests in Shangqi Capital. Shanghai Qiyuan Business Consulting Co., Ltd (上海頤元商務諮詢有限公司), "**Shanghai Qiyuan**") was the general partner of Shangqi Capital. Mr. Feng Ji (馮戟) held 80% equity interests in Shanghai Qiyuan. Shanghai SAIC Hengxu Capital Co., Ltd. (上海上汽恆旭投資管理有限公司), "**SAIC Hengxu**") was the other general partner of Qingdao SAIC. Shanghai Qijia Business Management Consulting Partnership (Limited Partnership) (上海頤嘉企業管理諮詢合夥企業(有限合夥)), "**Shanghai Qijia**") held 45% equity interests in SAIC Hengxu. Shanghai Shengqi Enterprise Management Consulting Co., Ltd. (上海晟頤企業管理諮詢有限公司), "**Shanghai Shengqi**") was the general partner of Shanghai Qijia. Mr. Lu Yongtao (陸永濤) held 90% equity interests in Shanghai Shengqi and 68.8% limited partnership interests in Shanghai Qijia. SAIC Motor Financial Holdings Co., Ltd (上海汽車集團金控管理有限公司), "**SAIC Financial Holdings**") held 40% limited partnership interests in Shangqi Capital and 40% equity interests in SAIC Hengxu. SAIC Motor Corporation Limited (上海汽車集團股份有限公司), "**SAIC Motor**") directly held approximately 99.63% limited partnership interests in Qingdao SAIC. SAIC Financial Holdings is a wholly-owned subsidiary of SAIC Motor. Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司), "**SAIC**") held 62.69% equity interests in SAIC Motor.

Therefore, each of Shangqi Capital, Jiaxing Qihe, Shanghai Qiyuan, Mr. Feng Ji, SAIC Hengxu, Shanghai Qijia, Shanghai Shengqi, Mr. Lu Yongtao, SAIC Financial Holdings, SAIC Motor and SAIC was deemed to be interested in the 187,828,067 Shares directly held by Jiaxing SAIC, and the 56,285,178 Shares directly held by Qingdao SAIC under the SFO.

Save as disclosed above, as at 31 December 2023, no other person (other than the Directors, Supervisors and chief executive of the Company) had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.



## REPORT OF THE DIRECTORS

### DEBENTURE ISSUED

The Company has not issued any debentures during the year ended 31 December 2023.

### DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any of its associated corporations were granted to any Directors or Supervisors or their respective spouse or children under 18 years of age and no such rights have been exercised by them during the year ended 31 December 2023. Neither the Company nor any of its subsidiaries were a party to any arrangements to enable any Directors or Supervisors or their respective spouses or children under the age of 18 years to acquire such rights from the Company or any other body corporate.

### EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Company during the year ended 31 December 2023 or subsisted at the end of the Reporting Period.

### PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance for Directors, Supervisors and senior management and such permitted indemnity provision is currently in force and was in force throughout the year ended 31 December 2023. Save for the foregoing, during the Reporting Period and as at the time of approval of this annual report, the Company had no other permitted indemnity provision in force.

### LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance or guarantee to its affiliated companies during the Reporting Period, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholder nor breach the terms of any loan agreements that are significant to its operations during the Reporting Period.

### SHARE OPTION SCHEME

The Company did not adopt any share option scheme.

### SHARE INCENTIVE SCHEME

The Company approved and adopted the 2021 Share Incentive Scheme of the Company in August 2021 and the 2022 Share Incentive Scheme of the Company in March 2022 (collectively, the “**Share Incentive Schemes of the Company**”). BatteredTech Shanghai approved and adopted the 2022 Share Incentive Scheme in November 2022 (the “**Share Incentive Scheme of BatteredTech Shanghai**”). Neither the Share Incentive Schemes of the Company nor the Share Incentive Scheme of BatteredTech Shanghai (collectively, the “**Share Incentive Schemes**”) constitute a share scheme under Chapter 17 of the Listing Rules, as these plans are implemented through certain employee shareholding platforms in the form of limited partnerships, which do not involve the direct issuance of new shares of the Company or any of its subsidiaries by the Company or any of its subsidiaries, or the grant of existing shares of the Company or any of its subsidiaries to participants of the Share Incentive Schemes. Participants become partners of the corresponding employee shareholding platform upon being granted the partnership interests. Participants hold indirect interests in the Company or its subsidiary through their partnership interests in the employee shareholding platform. Interests equivalent to a total of 360,600,000 Shares may be granted under the Share Incentive Schemes of the Company. As of the date of this annual report, interests that correspond to 326,215,500 Shares have been granted to participants of the 2021 Share Incentive Scheme of the Company, interests that correspond to 18,130,761 Shares have been granted to participants of the 2022 Share Incentive Scheme of the Company, and the remaining interests that correspond to 16,253,739 Shares have been transferred to Ruitu Energy and Ruizhou Energy Co., Ltd. in accordance with the terms of the Share Incentive Schemes of the Company and are not re-granted due to reasons such as the cessation of employment of the relevant participants. Interests that correspond to the capital contribution of RMB24,342,434 to Wenzhou Chenshan Enterprise Management Partnership (Limited Partnership) (温州辰杉企业管理合夥企业(有限合伙)) may be granted under the Share Incentive Scheme of BatteredTech Shanghai. As of the date of this annual report, all such interests have been granted to participants of the Share Incentive Scheme of BatteredTech Shanghai.

For further details of the Share Incentive Schemes and the employee shareholding platforms, please refer to the section headed “Statutory and General Information – The Share Incentive Schemes” in the Prospectus.

### SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer’s listed securities shall be maintained. This normally means that at least 25% of the issuer’s total issued share capital must at all times be held by public.

We have applied to the Hong Kong Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to grant, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules so that the minimum percentage of our Shares from time to time held by the public will be 13.5% of the enlarged issued share capital of the Company, subject to the conditions that we:

- (a) make appropriate disclosure of the lower percentage of the public float in the Prospectus;
- (b) will ensure an open market in the H Shares, and the number of H Shares to be held by the public and their distribution would enable the market to operate properly with a lower percentage;
- (c) will confirm the sufficiency of its public float in successive annual reports after the completion of the Listing; and
- (d) will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum 13.5% public float of H Shares.

## REPORT OF THE DIRECTORS

We undertake that we will increase the public float percentage to not less than 15.0% through further H-share capital issuance plans, failing which the Company will procure one or more its current Shareholders to apply for H share full circulation to convert certain Domestic Unlisted Shares they own into H shares, completion of which is subject to CSRC's approval, within a period of three years from the Listing Date and make appropriate announcement and/or disclosure after the Listing pursuant to the Listing Rules in respect of such conversion of Domestic Unlisted Shares into H Shares.

Further, in order to ensure continual compliance with the Company's obligations under the Listing Rules in relation to the minimum public float, the Company will implement appropriate measures and mechanisms, including monitoring its H Share register, relevant disclosures made under Part XV of the Securities and Futures Ordinance and other relevant sources of information available to the Company. In the event that the public float percentage falls below the minimum percentage prescribed by the Hong Kong Stock Exchange, the Directors and the Controlling Shareholders will take appropriate steps, which may include:

- (a) a further issue of equity; and/or
- (b) the Controlling Shareholders placing a portion of their shares to independent third parties, to ensure that the minimum percentage of public float prescribed by the Hong Kong Stock Exchange is complied with.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the Latest Practicable Date prior to the issue of this annual report, the Company is not aware of any deviation from the above confirmation.

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

The share capital structure of the Company consists of 2,276,874,050 ordinary Shares, including 307,378,138 overseas listed foreign Shares and 1,969,495,912 Domestic Unlisted Shares. The number of overseas listed foreign Shares initially issued and listed on the Stock Exchange by the Company is 116,070,200, representing 5.10% of the total share capital after the issuance.

Since the Listing Date and up to the date of this annual report, save as the initial issuance of overseas listed foreign Shares, neither the Group nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## CONTINUING CONNECTED TRANSACTIONS

The details of Group's non-exempt continuing connected transactions during the Reporting Period are set out below:

### I. Products Sales Framework Agreement

On 4 December 2023, the Company entered into a product sales framework agreement (the "**Product Sales Framework Agreement**") with Tsingshan Group, pursuant to which, the Group has agreed to sell, and Tsingshan Group and its associates have agreed to purchase battery products including but not limited to energy storage systems, ESS battery pack, battery modules accessories, and battery components (collectively, the "**Battery Products**") with a term commencing from the Listing Date to 31 December 2025. The price of the Battery Products to be sold by the Group under the Product Sales Framework Agreement shall be determined on an arm's length basis with reference to prices provided to independent third parties by the Group, and in any event shall not be lower than the prices provided to independent third parties by the Group if under similar conditions. Tsingshan Group is a Controlling Shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions with Tsingshan Group constitute continuing connected transactions of the Company.

The annual cap for above continuing connected transaction for the year ended 31 December 2023 was RMB4,299 million, and the actual transaction amount for the year ended 31 December 2023 was approximately RMB2,016 million.

### II. Materials Purchasing Framework Agreement

On 12 December 2022, the Company entered into a strategic cooperation agreement in relation to material procurement (as modified by a supplemental agreement) (the “**Materials Purchasing Framework Agreement**”) with Yongqing Technology, pursuant to which, Yongqing Technology and its associates have agreed to sell, and the Group has agreed to purchase raw materials (including but not limited to lithium compounds, ternary precursors, separators and graphite), with a term of three years commencing from 1 January 2023 for producing battery products. The price of raw materials to be purchased by the Group under the Materials Purchasing Framework Agreement shall be determined on an arm’s length basis with reference to traded prices on such raw material listed on the website of the Shanghai Metal Market (“**SMM**”), and if under similar conditions of purchase, shall not be less favorable than (i) then trade price of such raw material listed on the website of the SMM; (ii) price of such raw material provided to independent third parties by Yongqing Technology and its associates during relevant time; and (iii) quotation of such raw material obtained by the Group from independent third parties during relevant time (if available). Yongqing Technology is a Controlling Shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions with Yongqing Technology constitute continuing connected transactions of the Company.

The annual cap for above continuing connected transaction for the year ended 31 December 2023 was RMB480 million, and the actual transaction amount for the year ended 31 December 2023 was approximately RMB2 million.<sup>(Note)</sup>

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the continuing connected transactions.

### CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Note: The low transaction amount for the year ended 31 December 2023 was due to delays in construction and trial production of upstream raw material projects that Yongqing Technology and its associates invested in, limiting supply capabilities of such companies during such period. Such projects have gradually started trial production since the fourth quarter of 2023, but did not achieve mass production by the end of 2023, and are expected to start mass production in the fourth quarter of 2024.

## REPORT OF THE DIRECTORS

### CONFIRMATION OF AUDITOR

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

- (i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not carried out, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of each of the state details of continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the related annual caps for the year ended 31 December 2023.

The related party transactions mentioned in note 39 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions of the Company which are required to be disclosed under Chapter 14A of the Listing Rules and do not constitute connected transactions that are not fully exempted under Rule 14A.73 of the Listing Rules except for those related party transactions between the Group and their connected persons as disclosed above which constituted connected transaction or continuing connected transactions, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the year ended 31 December 2023 in accordance with the disclosure requirements under Chapter 14A of the Listing Rules.

### PRE-EMPTIVE RIGHTS

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

## EMPLOYEES AND REMUNERATION

As at 31 December 2023, the Group had 12,055 full-time employees. As at 31 December 2023, a substantial majority of the Group's employees are based in China.

In compliance with the CG Code, the Remuneration and Appraisal Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The Company offers the Directors, Supervisors and senior management with remuneration in the form of salaries, allowances, contribution to pension schemes, discretionary bonuses, share incentive scheme and other benefits in kind subject to applicable laws, rules and regulations.

The Group believes that its long-term growth depends on the expertise, experience and development of its employees. The Group's human resources department is responsible for recruiting, managing and training employees. The Group recruits employees primarily through referrals, headhunters companies, recruitment websites and on-campus recruitment. The Group provides training programs to employees, including new hire training for new employees and continuing technical training for the Group's production and R&D personnel to enhance their skill and knowledge. The Group takes measures to promote equal opportunities, anti-discrimination, and diversity among employees.

The aggregate amounts of remuneration for our Directors and Supervisors for the year ended 31 December 2023 was approximately RMB53,348,000. Further details are set out in note 8 to the financial statements. None of our Directors or Supervisors waived any remuneration during the aforesaid periods.

Details of remuneration of the five highest paid individuals of the Company for the year ended 31 December 2023 is set out in note 9 to the financial statements.

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

Save as disclosed above, no other payments of remuneration have been made, or are payable, during the Reporting Period, by our Group to any of our Directors or their representatives.

In addition, pursuant to code provision E.1.5 of the CG Code, the annual remuneration of senior management (other than Directors) during the year ended 31 December 2023 fell with the following bands:

Remuneration band	Number of persons
HK\$12,000,001 to HK\$14,000,000	1
HK\$14,000,001 to HK\$16,000,000	2

## REPORT OF THE DIRECTORS

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of maintaining and promoting sound corporate governance. The principles of the Company's corporate governance are to promote effective internal control measures, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to the Company and its Shareholders. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

Save as disclosed below, the Board is of the view that the Company has complied with the applicable code provisions set out in Part 2 of the CG Code during the period from the Listing Date to 31 December 2023.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Cao Hui is the chairman of the Board and the president of the Company. Our Directors believe that vesting the roles of both chairman of the Board and the president in the same person is conducive to the consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Directors consider that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors and our Board has five non-executive Director as well as four independent non-executive Directors out of the twelve Directors, which is in compliance with the Listing Rules; (ii) Dr. Cao Hui and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of the chairman of the Board and the president of the Company is necessary.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND EMPLOYEES

The Company has developed the Management System for Directors, Supervisors, Senior Management, and Employees to Hold and Trade the Company's Shares (the "**Company Code**") for securities transactions by the Directors, Supervisors, Senior Management and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Following specific enquiry by the Company, all Directors and Supervisors have confirmed they have complied with the Company Code and, therefore, with the Model Code from the Listing Date and up to the date of this annual report.

### AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2023, prepared in accordance with IFRSs, have been audited by Ernst & Young. The Company has not changed its auditors since the Listing Date.

A resolution for the re-appointment of Ernst & Young Hua Ming LLP and Ernst & Young as domestic and international auditors of the Company, respectively will be proposed at the forthcoming AGM.

### SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

### TAX ALLOWANCES

The Company is not aware of any particular tax allowances granted to the Shareholders due to their interests in its securities.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and the risks and consequences of non-compliance with such requirements. The Group has allocated abundant resources to ensure ongoing compliance with laws and regulations and to maintain healthy relationships with regulators through effective communications. During the Reporting Period, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on it.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Technology Risk

Technological innovation is critical to our success, and we make significant investments in product R&D. However, as R&D activities are inherently uncertain, we cannot assure that our R&D 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. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in our competitive position. Even if such products can be successfully launched, we cannot assure that they will be accepted by our customers and achieve anticipated sales target or profit. We will further adhere to our dual-focus on EV and ESS batteries, actively seizing the opportunities in both the EV and ESS battery markets. We plan to focus our R&D efforts to improve energy density, cycle life, safety, fast-charging and cost-effectiveness of our products, thereby offering innovative, eco-friendly, reliable and safe products with competitive prices to our customers.



# REPORT OF THE DIRECTORS

## Market Risk

The global lithium-ion battery market is highly competitive and concentrated, and we expect that the competition will be even more intense in the future. 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 seek to increase their market shares through the reduction of price. We expect to face competition from both existing and new competitors as we expand our business into new business lines, geographic regions and product categories. 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 EV and ESS battery 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 plan to further increase our sales by improving product offerings and increasing bargaining power, as well as optimizing customer base and improving product mix.

## Financial Risks

The Group is exposed to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For further details, including relevant sensitivity analysis, please see note 43 to the financial statements.

The Group's exposure to the risk of changes in fair value relates primarily to the Group's bank borrowings with a floating interest rate. During the year ended 31 December 2023, we have not used any derivatives to hedge interest rate risk.

The Group's exposure to foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position. During the year ended 31 December 2023, we also engaged in foreign exchange hedging activities by entering into forward foreign exchange contracts and other methods to address our exposure to foreign currency risk.

The Group's trading terms with its customers are mainly on credit and therefore the Group is exposed to the related credit risk. The credit term is generally from one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimize credit risk. The Group trades only with recognized and creditworthy third parties and there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. Concentrations of credit risk are managed by customer/counterparty and by industry sector.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure. 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.

For other risks and uncertainties, please refer to the notes to the consolidated financial statements.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is not exposed to any significant environmental risks. The Company is committed to minimizing its impact on the environment by integrating the concept of low-carbon development into its daily operations, building green factories, and creating an atmosphere of promoting energy conservation and environmental protection. In environmental management, we strictly comply with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) and other relevant laws and regulations, and comprehensively identify risks and opportunities, including those related to the use of energy resources, the handling of pollutants and wastes and climate change, to continuously improve our environmental management performance. During the Reporting Period, we were not subject to any material penalties imposed by government authorities for non-compliance with applicable PRC environmental laws and regulations.

We have established a sound environmental and occupational health and safety management system, formulated the Environmental and Occupational Health and Safety Management Manual and other documents, implemented environmental, health and safety policies, and clarified the roles and responsibilities of various departments and related management workflow. We also have a solid energy management system in place and strive to reduce energy consumption and carbon emissions during our manufacturing process. As at the end of the Reporting Period, we have obtained the ISO14001 environmental management system certification and the ISO50001 energy management certification.

Detail information on the environment and social practices adopted by the Company is set out in the Environmental, Social and Governance (ESG) Report which will be presented in a separate report and published on the website of the Company at [www.chinarept.com](http://www.chinarept.com) under the "Investor Relations" section and the website of HKEXnews at [www.hkexnews.hk](http://www.hkexnews.hk).

### RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that the employees, customers and suppliers are keys to corporate sustainability and are keen on developing long-term relationships with stakeholders. The Company places significant emphasis on human capital and strives to foster an environment in which the employees can unlock their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Company understands that it is important to maintain good relationship with customers. The Group is committed to offering quality products to its customers. The Group has established procedures for handling customers' feedback and customer satisfaction surveys in order to ensure customers' feedback is dealt with in a prompt and timely manner. The Group is also dedicated to developing good relationship with suppliers to ensure long-term stable supply.

By order of the Board  
**REPT BATTERO Energy Co., Ltd.**  
**Dr. Cao Hui**  
*Chairman and Executive Director*

Hong Kong  
26 March 2024

# REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the Reporting Period, all members of the Supervisory Committee conscientiously performed their supervisory duties and earnestly safeguarded the interests of the Shareholders and the Company in accordance with the relevant requirements including the Company Law and the Articles of Association.

During the Reporting Period, the Supervisory Committee convened two meetings in total, at which, among others, resolutions on work report of the Supervisory Committee and financial report of the Company, were considered and approved. During the Reporting Period, the members of the Supervisory Committee attended the Board meetings and Shareholders' general meetings of the Company. By attending these meetings, the Supervisory Committee supervised significant decision making of the Company and the duty performance of the members of the Board and senior management.

Through supervision and regulation on the production, operation and financial management of the Company, the Supervisory Committee and all the Supervisors believed that, the Company had resolutely implemented the decisions and arrangements made by the Board, continued to implement the dual-focus strategy on EV and ESS battery markets and committed to R&D and the offering of high-quality products, to make the Company well-positioned in market competition. The Supervisory Committee had no objection to the matters of supervision during the Reporting Period.

The Supervisory Committee is of the opinion that, in 2023, all members of the Board and senior management of the Company complied with applicable laws and regulations, and performed their duties in accordance with the Articles of Association. They also safeguarded the legitimate interests of the Shareholders, the Company and its employees, earnestly implemented various resolutions of the Shareholders' general meetings and the Board meetings, and operated strictly in accordance with the regulatory requirements for a listed company. During the Reporting Period, no Directors or senior management of the Company were found to violate laws, regulations, or the Articles of Association or damage the interests of the Company or Shareholders.

The Supervisory Committee carefully reviewed the information such as the financial results and report for the year ended 31 December 2023 which was prepared according to relevant requirements. The Supervisory Committee is of the opinion that the financial report gives a true, accurate, complete and objective view of the Company's financial position and operating results.

During the Reporting Period, the internal control system of the Company is sound and effective, with no material defect found.

## REPORT OF THE SUPERVISORY COMMITTEE

In 2024, the Supervisory Committee will continue to comply with the relevant requirements of the Company Law and the Articles of Association strictly and assume the responsibilities of safeguarding the interests of the Shareholders and the benefits of the Company, to focus on the supervision of the Company's implementation of its commitment to Shareholders and to expand our scope of work approach, with a view to enhancing our supervision and inspection efforts in important operating activities and duly performing our duties in a thoughtful manner.

By order of the Supervisory Committee

**REPT BATTERO Energy Co., Ltd.**

**Mr. Qu Enci**

*Chairman of the Supervisory Committee*

Hong Kong  
26 March 2024

# CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2023 (the “**Reporting Period**”).

## CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of maintaining and promoting sound corporate governance. The principles of the Company’s corporate governance are to promote effective internal control measures, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to the Company and its Shareholders. The Board of the Company is committed to maintaining high corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted and applied the principles and code provisions of the CG Code as the basis of the Company’s corporate governance practices.

The Board is of the view that during the period from the Listing Date to 31 December 2023, the Company has complied with all the applicable code provisions as set out in Part 2 of the CG Code, except for code provision C.2.1 described in the paragraph headed “Board of Directors – Chairman and President”.

## CULTURE AND VALUES

Pursuant to code provision A.1.1 of the CG Code, the Board requires that the Company’s mission, beliefs and strategies be developed and that they be aligned with the Company’s culture.

The Company upholds the corporate vision of “Innovative smart energy to light up the green future” and the corporate goal of “Becoming a global expert in new energy power and energy storage systems”. To this end, we have formulated a corporate culture of “Efficiency and integrity with forge-ahead spirit, continuous improvement for customer satisfaction”.

## BOARD OF DIRECTORS

### Board Composition

The Board delegates certain responsibilities to various dedicated committees, namely, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Environmental, Social and Governance Committee in accordance with relevant PRC laws, regulations, the Articles of Association and the Listing Rules. The Company has entered into a service contract with each of our Directors and Supervisors for a term of three years following each Director's and Supervisor's respective appointment date, which may be terminated pursuant to relevant terms of the respective service contract.

The Board currently comprises twelve directors, consisting of three Executive Directors, five Non-executive Directors and four Independent Non-executive Directors.

The composition of the Board is as follows:

### Executive Director

Dr. Cao Hui (*Chairman, Executive Director and President*)

Dr. Wu Yanjun

Ms. Huang Jiehua

### Non-executive Directors

Mr. Hu Xiaodong

Mr. Wang Haijun

Ms. Xiang Yangyang

Mr. Wei Yong

Mr. Yu Xinhua

### Independent Non-executive Directors

Ms. Wong Sze Wing

Dr. Wang Zhenbo

Dr. Ren Shenggang

Dr. Simon Chen

The biographical information of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" on pages 24 to 31 of the Annual Report for the Reporting Period. To the best knowledge of the Directors, save as disclosed in this annual report, none of them has any personal relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, the chairman of the Board and the chief executives of the Company. The Company considers that the composition of the Board has been well balanced. Each of the Directors has the relevant experience, knowledge and expertise to contribute to the Company's business. The executive Directors oversee the day-to-day operations of the Group, while the independent non-executive Directors provide independent judgement to the decision-making process of the Board.

# CORPORATE GOVERNANCE REPORT

## Chairman and President

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Cao Hui is the chairman of the Board and the president of the Company. The Board believes that after the Listing, vesting the roles of both chairman of the Board and president in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Directors also believe that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors and our Board has five non-executive director as well as four independent non-executive Directors out of the twelve Directors, which is in compliance with the Listing Rules; (ii) Dr. Cao and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of the chairman of the Board and the president of the Company is necessary.

## Independent Non-executive Directors

During the period from the Listing Date to the end of the Reporting Period, the Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has received a confirmation of independence from each of the independent non-executive Directors as required under the Rule 3.13 of the Listing Rules for the period from the Listing Date to 31 December 2023 and considers all the independent non-executive Directors to be independent. The Board will assess the independence of the independent non-executive Directors annually.

## Appointment, re-election and removal of directors

Directors shall be elected or replaced at the shareholders' general meetings for a term of 3 years, subject to re-election upon expiry of the said term. The general meeting may, subject to compliance with relevant laws and administrative regulations, remove any director whose term of office has not expired by way of an ordinary resolution (provided that such director's claim for damages under any contract shall not be affected thereby). The term of office of a Director shall be calculated from the date of the resolution passed at the general meeting at which he was elected to serve as a Director (unless otherwise provided by a resolution of such general meeting) till the expiry of the term of the current session of the Board. Where election of directors fails to be timely conducted upon expiry of the term of office of the former directors, the former directors shall, prior to the accession of the newly elected directors, perform their duties as directors in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

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

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

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

### Responsibilities, Accountabilities and Contributions of the Board and the Management

The Company has formalized and adopted written terms on the division of functions reserved to the Board and those delegated to the management of the Company. The Board is responsible for and has general powers over the management and operation of the business of the Company, including determining business strategies and investment plans, implementing resolutions passed at general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board is also responsible for developing and reviewing the policies and practices of the Company on internal control and compliance with legal and regulatory requirements. The Board consists of twelve Directors, including three executive Directors, five non-executive Directors and four independent non-executive Directors.

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

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

- (1) to develop and review the policies and practices on corporate governance of the Company and make recommendations to the Board;
- (2) to review and monitor the training and continuous professional development of Directors and senior management;
- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and



## CORPORATE GOVERNANCE REPORT

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

### Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. The newly appointed Directors will also be provided with a detailed induction to the Group's businesses by senior management. Pursuant to code provision C.1.4 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of the Directors.

The training records of the Directors for Reporting Period are summarized as follows:

Directors	Training (Note)
<b>Executive Director</b>	
Dr. Cao Hui	✓
Dr. Wu Yanjun	✓
Ms. Huang Jiehua	✓
<b>Non-executive Directors</b>	
Mr. Hu Xiaodong	✓
Mr. Wang Haijun	✓
Ms. Xiang Yangyang	✓
Mr. Wei Yong	✓
Mr. Yu Xinhua	✓
<b>Independent Non-executive Directors</b>	
Ms. Wong Sze Wing	✓
Dr. Wang Zhenbo	✓
Dr. Ren Shenggang	✓
Dr. Simon Chen	✓

Note: During the Reporting Period, all Directors attended training sessions and received training materials.

## Board Activities

Board meetings comprise regular meetings and extraordinary meetings. Board meetings shall be held at least four times a year and at approximately quarterly intervals.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. All Directors and Supervisors shall be notified of the convening of a regular meeting of the Board at least fourteen days prior to the convening of the meeting, and of an ad hoc meeting at least five days prior to the convening of the meeting. The responsible body of the Company shall serve a written notice convening the Board meeting to each Director, Supervisor and general manager by hand, fax, express mail service or other means of electronic communication. The agenda of the meeting and accompanying Board papers will be sent to the Directors or members of Board committees at least three days prior to the date of the meeting to ensure that they have sufficient time to review the relevant papers and are fully prepared to attend the meeting. If a Director or a member of a Board committee is unable to attend a meeting, he/she will be informed of the matters to be discussed and may inform the chairman of the meeting of his/her views prior to the meeting. The joint company secretaries of the Company shall keep minutes of meetings and provide copies of such minutes to all Directors for their information and records.

Minutes of meetings of the Board and Board committees shall record in detail the matters considered and decisions reached by the Board and Board committees. Such details include, but are not limited to, any questions raised by the Directors. Draft minutes of each Board meeting and Board committee meeting shall be issued to the relevant Director for comment within a reasonable time after the meeting. Minutes of Board meetings shall be open for inspection by the Directors.

## CORPORATE GOVERNANCE REPORT

As the Company was listed on the Stock Exchange on 18 December 2023, no meeting of the Board or of the Board committees was held and no general meeting was convened during the period from the Listing Date until 31 December 2023. During the period from the Listing Date until the Latest Practicable Date, the Board held one Board meeting and one meeting of each of Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The ESG Committee of the Company was established on 26 March 2024 and no meeting of the ESG Committee was held during the period since the Listing Date and up to the Latest Practicable Date. The records of attendance of each of the Directors at the above meetings are set out below:

Name of Director	Attendance/Number of Meetings during the period since the Listing Date and up to the Latest Practicable Date					
	Board	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee	Environmental, Social and Governance Committee	Annual General Meeting
<b>Executive Director</b>						
Dr. Cao Hui	1/1	–	1/1	1/1	–	–
Dr. Wu Yanjun	1/1	–	–	–	–	–
Ms. Huang Jiehua	1/1	–	–	–	–	–
<b>Non-executive Directors</b>						
Mr. Hu Xiaodong	1/1	–	–	–	–	–
Mr. Wang Haijun	1/1	–	–	–	–	–
Ms. Xiang Yangyang	1/1	–	–	–	–	–
Mr. Wei Yong	1/1	–	–	–	–	–
Mr. Yu Xinhua	1/1	–	–	–	–	–
<b>Independent Non-executive Directors</b>						
Ms. Wong Sze Wing	1/1	1/1	–	1/1	–	–
Dr. Wang Zhenbo	1/1	–	1/1	1/1	–	–
Dr. Ren Shenggang	1/1	1/1	1/1	–	–	–
Dr. Simon Chen	1/1	1/1	–	–	–	–

In addition, Dr. Cao Hui, the chairman of the Board, held a meeting with the independent non-executive Directors without the presence of other Directors during the period from the Listing Date up to the Latest Practicable Date.

## BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee and Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which clearly state their authority and duties. The terms of reference of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee are posted on the Company's website and the HKEXnews website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

### Audit Committee

Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only, with a minimum of three members with independent non-executive Directors in majority and at least one member with appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee consists of three independent non-executive Directors, namely Ms. Wong Sze Wing, Dr. Ren Shenggang and Dr. Simon Chen, with Ms. Wong Sze Wing currently serving as the chairlady.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to oversee the financial reporting, risk management and internal control systems and procedures of the Company, review the financial information of the Company, effectiveness of the internal audit function, consider issues relating to the external auditor and its appointment, arrangements to enable employees of the Group to raise concerns about possible improprieties in financial reporting, internal control and perform other duties and corporate governance responsibilities as may be assigned by the Board. The Audit Committee shall discuss the risk management and internal control system with the management to ensure that the management has performed its duty to establish and maintain effective systems, consider major investigation findings on risk management and internal control matters as delegated by the Board and to ensure the coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

As the Company was listed on the Stock Exchange on 18 December 2023, no meetings of the Audit Committee were held during the period from the Listing Date until 31 December 2023. During the period from the Listing Date until the Latest Practicable Date, one Audit Committee meeting was held to review, with the Company's management and the external auditor, the annual financial results and reports for the year ended 31 December 2023, the accounting principles and practices adopted by the Company, significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor and engagement of non-audit services and relevant scope of works and whistleblowing policy and system.

The auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the auditor without the presence of management. The Audit Committee is satisfied with the independence and engagement of the auditor. As such, the Audit Committee has recommended the re-appointment of the current auditor.

# CORPORATE GOVERNANCE REPORT

## Remuneration and Appraisal Committee

Rule 3.25 of the Listing Rules requires an issuer to establish a Remuneration and Appraisal Committee chaired by independent non-executive Director and comprising a majority of independent non-executive Directors. The Remuneration Committee adopted the approach under code provision E.1.2(c)(ii) of the CG Code to make recommendation to the Board on the remuneration packages of Directors and senior management.

The Remuneration and Appraisal Committee consists of three members, namely, Dr. Cao Hui, an executive Director, Ms. Wong Sze Wing, an independent non-executive Director, and Dr. Wang Zhenbo, an independent non-executive Director, with Dr. Wang Zhenbo currently serving as the chairman.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration and Appraisal Committee are to advise on and formulate the remuneration and appraisal policy in respect of the Directors, senior management and other management members of the Group, assess the performance of Directors and senior management and make recommendations to the Board on the remuneration packages of Directors and senior management.

As the Company was listed on the Stock Exchange on 18 December 2023, no meetings of the Remuneration and Appraisal Committee were held during the period from the Listing Date until 31 December 2023. During the period from the Listing Date until the Latest Practicable Date, one Remuneration and Appraisal Committee meeting was held to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management.

## REMUNERATION POLICY

The remuneration system of the Company includes basic remuneration, bonuses and employee benefits. The Company continued to optimize and promote the talent incentive scheme, and established a hierarchical and classified incentive system for different employee categories. The remuneration of the Company's employees is mainly determined based on factors such as market conditions, position value, individual performance and personal ability, and differentiated remuneration structure and remuneration grades are determined according to the characteristics of different positions and posts. The Company adopts the performance management model, and motivates the employees and stimulates their potential to the greatest extent through the employees' promotion and salary adjustment, performance incentives, equity incentives, talent policies and more.

The Company provides its Directors, Supervisors and senior management members with remuneration in forms of salaries, allowances, contribution to pension schemes, discretionary bonuses, share award scheme and other benefits in kind in accordance with applicable laws, rules and regulations.

The aggregate amount of remuneration of the Directors and Supervisors for the year ended 31 December 2023 amounted to RMB 53,348,000.

## Highest Paid Individuals and the Remuneration of the Directors and Chief Executives

For details of the Directors' and chief executives' remuneration and the five individuals with highest emoluments, please refer to notes 8 and 9, respectively of the financial statements in this annual report.

Details of the remuneration of the senior management for the year ended 31 December 2023 (divided by range) are set out in the "Employees and Remuneration" section of the Directors' Report in this annual report.

## Nomination Committee

The Nomination Committee consists of three members, namely Dr. Cao Hui, as an executive Director, Dr. Wang Zhenbo and Dr. Ren Shenggang, as independent non-executive Directors, with Dr. Cao Hui currently serving as the chairman.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee are to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment and removal of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

As the Company was listed on the Stock Exchange on 18 December 2023, no meetings of the Nomination Committee were held during the period from the Listing Date until 31 December 2023. During the period from the Listing Date until the Latest Practicable Date, one Nomination Committee meeting was held to review the structure, size and composition of the Board and the independence of the independent non-executive Directors. The Nomination Committee considered an appropriate balance of diversity of the Board is maintained.

# CORPORATE GOVERNANCE REPORT

## Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will be primarily responsible for identifying candidates, formulating selection standards and procedures, examining candidates for directors and senior management of the Company, and providing recommendation to the Board. The Nomination Committee will give adequate consideration to this policy in identifying and selecting suitably qualified candidates to become directors of the Company.

Selection of Board candidates shall be based on a range of measurable diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and education background, professional experience, skills, relevant knowledge and/or length of service.

As at the date of this report, the Board comprises twelve Directors, three of which are female. Our three female Directors are between the age group of 35–46. We have six senior management, two of which are female.

The Company aims to maintain an appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

The Board will consider the measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board possesses a good gender diversity with three women on the Board and has a well-balanced cultural background, educational background, industry experience and professional experience.

As at the date of this report, the proportion of female representation at board level is 25%. The Nomination Committee has reviewed and targeted to maintain at least the current level for female representation of the Board, with the ultimate goal of achieving gender parity. The Nomination Committee will continue reviewing the targeted female representation percentage over time. In considering the Board's succession, the Nomination Committee would identify and select the potential candidates for Directors in accordance with the Company's Directors Nomination Policy and Board Diversity Policy and may engage independent professional headhunters to identify potential candidates for independent non-executive directors.

Currently, among 12,055 employees of the Group, the male to female ratio in the workforce of the Group is approximately 2:1, which is line with the industry-specific characteristics. The Company has also taken, and continues to take, steps to promote gender diversity at all levels of its workforce. Opportunities for recruitment, promotion, training and career development are equally opened to all eligible employees without discrimination.

The Board has reviewed and will continue to review the Board Diversity Policy annually to ensure its implementation and effectiveness.

## Director Nomination Policy

The Board has delegated certain responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following factors:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

Director Nomination Policy was adopted by the Company setting out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company, maintain the continuity of the Board and build appropriate leadership at Board level.

From the Listing Date to the end of the Reporting Period, there was no change in the composition of the Board.

## Environmental, Social and Governance Committee

The Board established the Environmental, Social and Governance Committee on 26 March 2024. No meeting of the ESG Committee was held during the period since the Listing Date and up to the Latest Practicable Date.

The Environmental, Social and Governance Committee consists of three members, namely Dr. Cao Hui and Ms. Huang Jiehua as executive Directors and Ms. Xiang Yangyang as a non-executive Director, with Dr. Cao Hui currently serving as the chairman.

The main responsibilities of the Environmental, Social and Governance Committee are to assisting the Board in reviewing policies and overseeing matters with respect to environmental, social and governance, including quality of working environment, environmental protection, operating practices, community participation and social responsibility.



# CORPORATE GOVERNANCE REPORT

## Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code of the Listing Rules.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## Board Independence

The Board has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. The implementation and effectiveness of following mechanisms were reviewed by the Board at the Board meetings in March 2024:

- (a) Four out of the twelve Directors are independent non-executive Directors, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors.
- (b) The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.
- (c) All Directors are entitled to engage independent professional advisors as and when it is required.
- (d) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.
- (e) The chairman of the Board will meet with the independent non-executive Directors at least annually without the presence of the executive Directors.
- (f) A Director (including independent non-executive Directors) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (g) No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND EMPLOYEES

The Company has developed the Management System for Directors, Supervisors, Senior Management, and Employees to Hold and Trade the Company's Shares (the "**Company Code**") for securities transactions by the Directors, Supervisors, Senior Management and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Following specific enquiry by the Company, all Directors and Supervisors have confirmed they have complied with the Company Code and, therefore, with the Model Code from the Listing Date and up to the date of this annual report.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviews their effectiveness on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems. The Audit Committee is responsible to review and supervise our financial reporting process and internal control system. The Audit Committee consists of three members, namely Ms. Wong Sze Wing, who serves as chairlady of the committee, Dr. Simon Chen and Dr. Ren Shenggang.

To monitor the ongoing implementation of risk management policies and corporate governance measures, the Company has established risk management systems with relevant procedures and the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. The Audit Committee consists of three members, namely Ms. Wong Sze Wing, who serves as chairlady of the committee, Dr. Simon Chen and Dr. Ren Shenggang. For the qualifications and experience of these committee members, see "Directors, Supervisors and Senior Management" in this annual report;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- provide anti-corruption and anti-bribery compliance training periodically to senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks; and
- provide training session for the Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

## CORPORATE GOVERNANCE REPORT

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information disclosure. Self-evaluation has been conducted annually to confirm that internal control policies are properly complied with by each department.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, formulated treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all material findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period. Based on the internal controls established and maintained by the Group, the reviews performed by the management and the Audit Committee, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal control and risk management systems were adequate and effective to address the financial, compliance, operational risks which the Group considers material and relevant to its operation.

The internal audit department is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems associated with our major business processes, identify deficiencies and improvement opportunities, provide recommendations on remedial actions and review the implementation status of these remedial actions. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee and has not identified any material deficiencies in the internal control system.

The Board, as supported by the Audit Committee as well as the management report, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2023, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, staff qualifications and experiences and relevant resources.

The Company has established a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

The Company has also established anti-corruption policies, which aims at preventing or penalizing illegal behaviors such as corruption and money-laundering. Anti-corruption has been added as a metric for assessing the overall performance of the Group, to encourage all employees to behave properly and legally. The Company continues to promote anti-corruption systems, promises to operate in good faith, and maintains a clean and upright business environment. The Company actively establishes integrity supervision for clean operation and healthy development. The internal audit department of the Company is a permanent anti-corruption department, responsible for the daily oversight of the headquarters and subsidiaries.

The Group has adopted a Guidelines on Disclosure on Inside Information which sets out comprehensive guidelines in respect of handling and dissemination of inside information. This Guidelines sets out the procedures and internal controls to ensure timely disclosure of inside information on the Group and the fulfilment of the Groups' continuous disclosures obligations, including:

- the processes for identifying, assessing and escalating potential inside information to the designated representative of the Board;
- restrict access to inside information to a limited number of employees on a "need to know" basis;
- identified members of senior management who are authorized to release inside information; and
- the requirements of all directors, supervisors and employees of the Group to observe such guidelines.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Board shall be responsible for presenting a clear and understandable assessment of annual and interim reports, inside information and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board such interpretations and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements and position, which are submitted to the Board for approval.

The Directors are not aware of any event or circumstance of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The auditor's statement of reporting responsibilities on the Company's consolidated financial statements for the Reporting Period are set out in the section headed "Independent Auditor's Report" of this annual report.

### **AUDITOR'S REMUNERATION**

The remuneration paid/payable to the external auditor of the Group, Ernst & Young, in respect of audit services during the Reporting Period amounted to RMB1,780,000. No non-audit services were provided by the auditor to the Group during the Reporting Period.

# CORPORATE GOVERNANCE REPORT

## JOINT COMPANY SECRETARIES

Dr. Wu Yanjun and Ms. Zhang Xiao are joint company secretaries of the Company. All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Dr. Wu Yanjun, an executive Director and authorized representative of the Company, and Ms. Zhang Xiao, the authorized representative, have been designated as the primary contact person at the Company which would work on the Company's corporate governance and secretarial and administrative matters.

Dr. Wu Yanjun and Ms. Zhang Xiao have undertaken not less than 15 hours of relevant professional training during the year ended 31 December 2023 in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

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

## PROCEDURES FOR SHAREHOLDER REQUEST TO CONVENE EXTRAORDINARY GENERAL MEETING OR CLASS MEETING

For a Shareholder request to convene an extraordinary general meeting or a class meeting, the procedures should be adopted in compliance with the article 55 of the Articles of Association.

According to the article 55 of the Articles of Association, Shareholders holding over 10% of the Company's shares, either individually or jointly, with voting rights in such proposed meeting, may sign one or several written requests with the same format and content and submit to the Board to request convening an extraordinary general meeting and explain the agenda for the meeting. The Board shall give a written reply on whether to convene an extraordinary general meeting or not within 10 days upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as at the date of the written request. If the Board agrees to hold the meeting, the Board shall issue a notice of holding a general meeting within five days after a Board resolution is made, but any modification to the original request in the notice shall be subject to the consent of the relevant Shareholder or Shareholders. If the Board disagrees to hold the meeting or no feedback is provided within 10 days after the request is received, the Shareholder holding or Shareholders aggregately holding over 10% of the shares of the Company shall have the right to propose the holding of an extraordinary general meeting to the Supervisory Committee, but shall request it in writing. If the Supervisory Committee agrees to hold the meeting, it shall issue a notice of holding a general meeting within five days after receiving the request, but any modification to the original request in the notice shall be subject to the consent of the relevant Shareholder or Shareholders. If the Supervisory Committee fails to issue a notice of holding a general meeting within the prescribed time limit, it shall be deemed that the Supervisory Committee fails to convene and preside over the general meeting, and a Shareholder holding or Shareholders aggregately holding over 10% of the shares of the Company for 90 consecutive days may convene and preside over the meeting on its or their own initiative.

For the general meeting convened by the Supervisory Committee or Shareholders on its/their own, the expenses necessary for the meeting shall be borne by the Company, and the Board and the secretary to the Board shall cooperate.

For a Shareholder request to propose new resolutions at the general meeting, the procedures should be adopted in compliance with article 56 of the Articles of Association, pursuant to which when the Company convenes a general meeting, Shareholders holding more than 3% of our Company's shares, either individually or jointly, may submit ad hoc proposals in writing to the convener 10 days before the general meeting is convened. The convener shall issue a supplementary notice of the general meeting to other Shareholders within two days after receipt of the proposal, and include the matters in the proposal which are within the scope of duties of the general meeting into the agenda of the meeting and submit it to the general meeting for consideration.

### PROCEDURES FOR MAKING ENQUIRIES

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

Computershare Hong Kong Investor Services Limited

Address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

E-mail: rept-battero.ecom@computershare.com.hk

Tel: (852) 2862 8555

Fax: (852) 2865 0990

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

Recipient: Office of the Board of REPT BATTERO Energy Co., Ltd.

Address: No. 205, Binhai 6th Road, Airport New Area, Longwan District, Wenzhou, Zhejiang

E-mail: IR@chinarept.com

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

Shareholders may propose a resolution at a general meeting to nominate candidates for Directors. According to article 82 of the Articles of Association, Directors shall be elected or replaced at the general meetings. According to article 56 of the Articles of Association, when a company convenes a Shareholders' General Meeting, shareholders individually or jointly holding more than 3% of a company's shares may submit ad hoc proposals in writing to the convener 10 days before the Shareholders' General Meeting is convened. Accordingly, if a Shareholder proposes to nominate a candidate for election as a Director, such notice of intent and a notice signed by the nominated candidate indicating his/her willingness to accept the appointment shall be duly lodged with the Company's registered office for the attention of the Company Secretary and the Board. Further information on the procedures for Shareholders to nominate a person for election as a Director is available on the Company's website. In addition, the Shareholders or the Company may refer to the above procedures to put forward any other proposals at the general meetings.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

The Company has put in place the Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To promote effective communication, the Company maintains a website at [www.chinarept.com](http://www.chinarept.com), where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

The Company has also established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) the provision of updated and key information of the Group available on the Company's website and the HKEXnews website; (iv) the Company's website offering communication channel between the Company and its stakeholders; (v) the Company's share registrar in Hong Kong serving the Shareholders in respect of all share registration matters; (vi) holding press conference(s) from time to time; and (vii) convening investor meeting and/or analyst briefings, which led by our executive Directors with existing and potential investors.

Having considered the multiple channels of communication and Shareholders engagement held during the year, the Board is satisfied that the Shareholders communication policy has been properly implemented during 2023 and is effective.

## DIVIDEND POLICY

Since inception, we have not declared or paid any dividends on our Shares. We do not have any present plan to declare or pay any dividends on our Shares in the foreseeable future.

Any future plan to pay dividends will be made at the discretion of our Board subject to approval of our Shareholders. Any declaration as well as the amount of such declaration and payment will be subject to our Articles of Association and the relevant laws. Even if we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board may deem relevant.

## AMENDMENTS TO ARTICLES OF ASSOCIATION

A copy of the Articles of Association is available on the websites of the Company and the HKEXnews website. During the period from the Listing Date to 31 December 2023, there was no significant change in Articles of Association. On 26 March 2024, the Board proposed to amend the Articles of Association. For details of the amendments to the Articles of Association, please refer to the announcement of the Company dated 26 March 2024. A circular containing, among other things, the details of the proposed amendments to the Articles of Association will be dispatched to the Shareholders in due course (if applicable).

# INDEPENDENT AUDITOR'S REPORT

## Independent auditor's report

### To the shareholders of REPT BATTERO Energy Co., Ltd.

(Established in the People's Republic of China with limited liability)

## OPINION

We have audited the consolidated financial statements of REPT BATTERO Energy Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 85 to 187, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**ISAB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(Continued)*

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Allowance for inventories</i></b></p> <p>As at 31 December 2023, the Group's inventories and the loss allowance for impairment of inventories amounted to approximately RMB3,624.8 million and RMB443.6 million, respectively.</p> <p>Inventories are stated at the lower of cost and net realisable value. Management reviews the net realisable values of inventories at the end of the reporting period based on the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated selling expenses to determine the loss allowance for impairment of inventories. Since the assessment of net realisable value involves significant estimation uncertainty, and in view of the significance of the amount, the allowance for inventories was considered a key audit matter.</p> <p>Related disclosures are included in note 3 "Significant accounting judgements and estimates", note 19 "Inventories", respectively, to the financial statements.</p>	<p>Our audit procedures, among others, included obtaining an understanding of and evaluating management's key controls relating to the assessment of the loss allowance for impairment of inventories, evaluating the reasonableness and appropriateness of the methods and assumptions used to calculate the net realisable values of inventories, testing, on a sample basis, the estimated selling price of inventories to existing contracts or actual selling price subsequent to the year end, and evaluating the reasonableness of the estimated costs of completion and selling expenses. We also focused on the adequacy of the related disclosures in the notes to the financial statements.</p>

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Provision for expected credit losses (“ECL”) on trade receivables</i></b></p> <p>As at 31 December 2023, the Group’s trade receivables amounted to approximately RMB2,587.3 million and a provision of ECL on trade receivables amounted to approximately RMB349.9 million.</p> <p>Management applied judgements in assessing the provision for ECL. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped based on ageing of invoices of various customer segments with similar loss patterns and collectively assessed for impairment allowance. The ECL rates are determined based on historical observed default rates and adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. Since the impairment assessment involved significant estimation uncertainty, and in view of the significance of the amount, provision for ECL on trade receivables was considered a key audit matter.</p> <p>Related disclosures are included in note 3 “Significant accounting judgements and estimates”, note 20 “Trade and bills receivables”, respectively, to the financial statements.</p>	<p>Our audit procedures, among others, included obtaining an understanding of and evaluating management’s key controls relating to the determination of provision for ECL on trade receivables, testing, on a sample basis, the accuracy of the ageing profile of trade receivables by checking to the underlying sales invoices, and discussing with management on the identification of customer segments, and assessing the reasonableness of the provision for ECL made with reference to the credit history of customers which were adjusted for forward-looking information, settlement records including default or delay in payments and actual collections after the end of the reporting period. We also focused on the adequacy of the related disclosures in the notes to the financial statements.</p>

## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

26 March 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	<b>13,748,914</b>	14,647,778
Cost of sales		<b>(13,455,565)</b>	(13,559,490)
Gross profit		<b>293,349</b>	1,088,288
Other income and gains	5	<b>265,555</b>	167,818
Selling and distribution expenses		<b>(379,033)</b>	(320,795)
Administrative expenses		<b>(564,832)</b>	(346,787)
Research and development costs		<b>(991,311)</b>	(767,685)
Impairment losses on financial and contract assets, net		<b>(297,711)</b>	(81,050)
Other expenses		<b>(8,388)</b>	(75)
Finance costs	7	<b>(256,850)</b>	(188,925)
Share of profits and losses of:			
Joint ventures		<b>(1,047)</b>	(1,587)
An associate		<b>(595)</b>	–
LOSS BEFORE TAX	6	<b>(1,940,863)</b>	(450,798)
Income tax expense	10	<b>(2,437)</b>	(25)
LOSS FOR THE YEAR		<b>(1,943,300)</b>	(450,823)
Attributable to:			
Owners of the parent		<b>(1,471,802)</b>	(354,121)
Non-controlling interests		<b>(471,498)</b>	(96,702)
		<b>(1,943,300)</b>	(450,823)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(9)	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		361	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<b>(1,942,948)</b>	(450,823)
Attributable to:			
Owners of the parent		<b>(1,471,450)</b>	(354,121)
Non-controlling interests		<b>(471,498)</b>	(96,702)
		<b>(1,942,948)</b>	(450,823)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the year (RMB)	12	<b>(0.68)</b>	(0.20)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>15,293,043</b>	8,743,370
Right-of-use assets	14	<b>957,893</b>	489,054
Other intangible assets	15	<b>41,379</b>	28,777
Investments in joint ventures	16	<b>173,240</b>	132,391
Investment in an associate	17	<b>1,482</b>	–
Prepayments, other receivables and other assets	21	<b>232,779</b>	607,225
Equity investment designated at fair value through other comprehensive income	18	<b>10,361</b>	–
Due from related parties	39	<b>2,222</b>	1,887
<b>Total non-current assets</b>		<b>16,712,399</b>	10,002,704
<b>CURRENT ASSETS</b>			
Inventories	19	<b>3,181,177</b>	3,245,649
Trade and bills receivables	20	<b>3,808,957</b>	4,194,057
Contract assets	22	<b>154,449</b>	113,426
Prepayments, other receivables and other assets	21	<b>735,800</b>	717,908
Financial assets at fair value through profit or loss	23	<b>564,505</b>	17,186
Due from related parties	39	<b>1,383,895</b>	1,405,883
Restricted cash	24	<b>1,100,130</b>	1,843,528
Cash and cash equivalents	24	<b>8,379,470</b>	4,901,062
<b>Total current assets</b>		<b>19,308,383</b>	16,438,699
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	25	<b>7,252,393</b>	6,773,324
Other payables and accruals	26	<b>4,835,893</b>	2,787,628
Contract liabilities	27	<b>127,330</b>	184,408
Interest-bearing bank and other borrowings	28	<b>2,590,930</b>	465,209
Lease liabilities	14	<b>13,137</b>	9,616
Deferred government grants	29	<b>73,851</b>	13,355
Due to related parties	39	<b>79,307</b>	117,383
Tax payable		–	25
Provisions	30	<b>72,206</b>	48,534
<b>Total current liabilities</b>		<b>15,045,047</b>	10,399,482
<b>NET CURRENT ASSETS</b>		<b>4,263,336</b>	6,039,217
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>20,975,735</b>	16,041,921



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	<b>7,036,910</b>	4,185,965
Lease liabilities	14	<b>23,582</b>	25,828
Deferred government grants	29	<b>1,965,098</b>	155,012
Provisions	30	<b>371,698</b>	223,543
Due to related parties	39	<b>36,000</b>	–
		<hr/>	
Total non-current liabilities		<b>9,433,288</b>	4,590,348
		<hr/>	
Net assets		<b>11,542,447</b>	11,451,573
		<hr/>	
EQUITY			
Equity attributable to owners of the parent			
Share capital	31	<b>2,276,874</b>	2,160,804
Reserves	32	<b>9,034,445</b>	8,588,143
		<hr/>	
		<b>11,311,319</b>	10,748,947
		<hr/>	
Non-controlling interests		<b>231,128</b>	702,626
		<hr/>	
Total equity		<b>11,542,447</b>	11,451,573
		<hr/>	

Approved on behalf of the board of directors:

**Mr. Cao Hui**  
*Director*

**Ms. Huang Jiehua**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Notes	Attributable to owners of the parent							Non-controlling interests	Total equity
		Share capital	Capital reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Share incentive reserve*	Accumulated losses*	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		2,160,804	8,936,345	-	-	176,245	(524,447)	10,748,947	702,626	11,451,573
Loss for the year		-	-	-	-	-	(1,471,802)	(1,471,802)	(471,498)	(1,943,300)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	361	-	-	-	361	-	361
Exchange differences on translation of foreign operations		-	-	-	(9)	-	-	(9)	-	(9)
Total comprehensive loss for the year		-	-	361	(9)	-	(1,471,802)	(1,471,450)	(471,498)	(1,942,948)
Issue of shares	31	116,070	1,815,148	-	-	-	-	1,931,218	-	1,931,218
Share issue expenses	31	-	(45,388)	-	-	-	-	(45,388)	-	(45,388)
Share incentive scheme expense	33	-	-	-	-	147,992	-	147,992	-	147,992
At 31 December 2023		2,276,874	10,706,105	361	(9)	324,237	(1,996,249)	11,311,319	231,128	11,542,447

	Notes	Attributable to owners of the parent							Non-controlling interests	Total equity
		Paid-in capital/ share capital	Capital reserve*	Share incentive reserve*	Accumulated losses*	Total				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022		1,463,415	1,429,660	42,608	(906,692)	2,028,991	213,889	2,242,880		
Loss for the year		-	-	-	(354,121)	(354,121)	(96,702)	(450,823)		
Total comprehensive loss for the year		-	-	-	(354,121)	(354,121)	(96,702)	(450,823)		
Contribution from shareholders		697,389	8,243,390	-	-	8,940,779	-	8,940,779		
Contribution from non-controlling interests		-	-	-	-	-	588,000	588,000		
Acquisition of non-controlling interests	32	-	(339)	-	-	(339)	(2,561)	(2,900)		
Conversion into a joint stock company		-	(736,366)	-	736,366	-	-	-		
Share incentive scheme expense	33	-	-	133,637	-	133,637	-	133,637		
At 31 December 2022		2,160,804	8,936,345	176,245	(524,447)	10,748,947	702,626	11,451,573		

\* These reserve accounts comprise the reserves of RMB9,034,445,000 (2022: RMB8,588,143,000) in the statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(1,940,863)</b>	(450,798)
Adjustments for:			
Finance costs	7	<b>256,850</b>	188,925
Share of profits and losses of joint ventures and an associate		<b>1,642</b>	1,587
Interest income	5	<b>(168,048)</b>	(96,071)
Loss on disposal of items of property, plant and equipment		<b>818</b>	4
Gain on disposal of a subsidiary	5	<b>(6,359)</b>	–
Fair value gain on financial assets at fair value through profit or loss	5	<b>(5,758)</b>	(2,186)
Depreciation of property, plant and equipment	13	<b>920,055</b>	490,755
Depreciation of right-of-use assets	14	<b>20,519</b>	16,809
Amortisation of other intangible assets	15	<b>10,701</b>	6,716
Amortisation of deferred government grants	29	<b>(28,903)</b>	(8,939)
Provision for impairment of trade receivables and contract assets, net		<b>297,711</b>	81,050
Provision/(reversal of) for impairment of inventories	19	<b>378,622</b>	(24,786)
Exchange loss/(gain), net		<b>7,304</b>	(11,962)
Share incentive expense		<b>147,992</b>	133,637
		<b>(107,717)</b>	324,741
Decrease/(increase) in trade and bills receivables		<b>70,832</b>	(3,210,758)
(Increase)/decrease in prepayments and other receivables and other assets		<b>(197,306)</b>	125,312
Increase in amounts due from related parties		<b>(4,880)</b>	(1,364,279)
Increase/(decrease) in amounts due to related parties		<b>9,453</b>	(308,028)
Increase in inventories		<b>(316,283)</b>	(2,498,187)
Increase in trade and bills payables		<b>481,042</b>	5,113,012
Increase in other payables and accruals		<b>154,271</b>	269,855
Increase in provision for product warranties		<b>171,827</b>	222,119
(Decrease)/increase in contract liabilities		<b>(57,078)</b>	25,870
Decrease/(increase) in restricted cash		<b>743,398</b>	(1,026,201)
Cash flows generated from/(used in) operating activities		<b>947,559</b>	(2,326,544)
Interest received		<b>128,700</b>	96,071
Income tax paid		<b>(1,653)</b>	–
Net cash flows generated from/(used in) operating activities		<b>1,074,606</b>	(2,230,473)

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		<b>(5,192,783)</b>	(3,713,042)
Proceeds from disposal of items of property, plant and equipment		<b>607</b>	–
Purchases of right-of-use assets		<b>(476,281)</b>	(245,142)
Purchases of other intangible assets		<b>(23,358)</b>	(25,198)
Receipt of government grants for property, plant and equipment	29	<b>1,899,485</b>	110,621
Investments in joint ventures		<b>(48,930)</b>	(91,070)
Disposal of a subsidiary	35	<b>4,645</b>	–
Purchases of non-controlling interests		–	(2,900)
Purchases of financial assets at fair value through profit or loss		<b>(675,000)</b>	(1,182,814)
Proceeds from disposal of financial assets at fair value through profit or loss		<b>133,439</b>	1,167,814
Purchases of equity investment designated at fair value through other comprehensive income		<b>(10,000)</b>	–
Net cash flows used in investing activities		<b>(4,388,176)</b>	(3,981,731)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares		<b>1,931,218</b>	8,940,779
Contribution from non-controlling interests		<b>218,000</b>	310,000
New bank loans		<b>6,167,043</b>	5,290,865
New loans from related parties		–	2,184,232
Repayment of bank loans		<b>(1,189,813)</b>	(1,190,442)
Repayment of loans from related parties		<b>(2,599)</b>	(4,837,929)
Interest paid		<b>(255,661)</b>	(135,124)
Payment of listing expenses		<b>(57,193)</b>	(19,109)
Principal portion of lease payments		<b>(11,802)</b>	(9,822)
Interest paid for lease payment		<b>(1,753)</b>	(1,814)
Net cash flows generated from financing activities		<b>6,797,440</b>	10,531,636
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		<b>4,901,062</b>	580,507
Effect of foreign exchange rate changes, net		<b>(5,462)</b>	1,123
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>8,379,470</b>	4,901,062
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the statement of financial position	24	<b>8,379,470</b>	4,901,062
Cash and cash equivalents as stated in the statement of cash flows		<b>8,379,470</b>	4,901,062

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 1. CORPORATE AND GROUP INFORMATION

REPT BATTERO Energy Co., Ltd. (the “**Company**”) was a limited liability company established in the People’s Republic of China (the “**PRC**”) on 25 October 2017. Upon approval by the shareholders’ general meeting held on 31 March 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name from “REPT Energy Co., Ltd.\* (瑞浦能源有限公司)” to “REPT BATTERO Energy Co., Ltd.\* (瑞浦蘭鈞能源股份有限公司)”. The registered office of the Company is located at Room A205, Building C, No. 205, Binhai 6th Road, Jinhai 2nd Road, Konggang New District, Longwan District, Wenzhou, Zhejiang Province.

During the year, the Company and its subsidiaries (together, the “**Group**”) are principally engaged in the research and development, and manufacture and sales of lithium-ion battery products.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 December 2023.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place and date of incorporation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BatteroTech Corporation Limited* (“上海蘭鈞新能源科技有限公司” (“BatteroTech Shanghai”)	Shanghai 23 July 2020	RMB1,000,000,000/ RMB1,000,000,000	71%	–	Battery research and development, production and sales
BatteroTech Co., Ltd.* (“蘭鈞新能源科技有限公司” (“BatteroTech Jiashan”)	Zhejiang 9 December 2020	RMB1,204,000,000/ RMB1,204,000,000	–	71%	Battery research and development, production and sales
Wuhan BatteroTech Corporation Limited* (“武漢蘭鈞新能源 科技有限公司” (“BatteroTech Wuhan”)	Hubei 20 August 2019	RMB50,000,000/ RMB50,000,000	–	71%	Battery research and development

## 1. CORPORATE AND GROUP INFORMATION *(Continued)*

### Information about subsidiaries *(Continued)*

Particulars of the Company's principal subsidiaries are as follows: *(Continued)*

Name	Place and date of incorporation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai REPT Qingchuang New Energy Co., Ltd.* ("上海瑞浦青創新能源有限公司") ("REPT Qingchuang")	Shanghai 2 January 2018	RMB10,000,000/ RMB10,000,000	100%	–	Battery research and development
Guangdong REPT BATTERO Energy Co., Ltd.* ("廣東瑞浦蘭鈞能源有限公司") ("Guangdong REPT BATTERO")	Guangdong 27 July 2021	RMB500,000,000/ RMB500,000,000	80%	20%	Battery production and sales
Zhejiang Ruixu Technology Co., Ltd.* ("浙江瑞旭科技有限公司") ("Zhejiang Ruixu")	Zhejiang 6 December 2019	RMB1,010,000/ RMB1,010,000	100%	–	Battery sales
Wenzhou Qianshi Mining Technology Partnership (Limited Partnership)* ("溫州乾石礦業科技合夥企業 (有限合夥)") ("Wenzhou Qianshi")	Zhejiang 15 November 2021	RMB100,000,000/ RMB100,000,000	–	99.99%	Shareholding platform
Zhejiang Ruiyuan Technology Co., Ltd.* ("浙江瑞園科技有限公司") ("Zhejiang Ruiyuan")	Zhejiang 6 June 2022	RMB100,000,000/ RMB100,000,000	100%	–	Shareholding platform
REPT SAIC EV Battery Co., Ltd.* ("瑞浦賽克動力電池有限公司") ("REPT SAIC")	Guangxi 15 April 2022	RMB1,200,000,000/ RMB1,200,000,000	51%	–	Battery production and sales

# NOTES TO THE FINANCIAL STATEMENTS

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## 1. CORPORATE AND GROUP INFORMATION *(Continued)*

### Information about subsidiaries *(Continued)*

Particulars of the Company's principal subsidiaries are as follows: *(Continued)*

Name	Place and date of incorporation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chongqing REPT BATTERO Energy Co., Ltd.* ("重慶瑞浦蘭鈞能源有限公司") ("Chongqing REPT BATTERO")	Chongqing 1 March 2023	RMB800,000,000/ RMB800,000,000	100%	–	Battery production and sales
BatteroTech (Jiaxing) Co., Ltd.* ("嘉興蘭鈞科技有限公司") ("BatteroTech Jiaxing")	Zhejiang 11 April 2023	RMB1,000,000,000/ RMB292,000,000	–	71%	Battery research and development, production and sales
Foshan REPT BATTERO Energy Co., Ltd.* ("佛山瑞浦蘭鈞能源有限公司") ("Foshan REPT BATTERO")	Guangdong 10 October 2023	RMB10,000,000/ RMB10,000,000	–	100%	Battery production and sales
REPT Battero Energy Germany GmbH ("瑞浦蘭鈞能源德國有限公司") ("REPT Germany")	Germany 12 October 2023	€300,000/ €300,000	100%	–	Battery sales,

\* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products, bills receivables classified as the financial assets at fair value through other comprehensive income and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023. 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.1 BASIS OF PREPARATION *(Continued)*

#### Basis of consolidation *(Continued)*

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 derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognizes 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendment did not have any material impact on the Group's financial statements.
- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>1</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")<sup>1</sup></i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")<sup>1</sup></i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements<sup>1</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES

#### 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.

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 recognizes 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 recognizes 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 except for business combination under common control. 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.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Business combinations and goodwill *(Continued)*

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.

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 31 December. 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. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Fair value measurement

The Group measures its financial assets at fair value through profit or loss and certain equity investments at fair value at the end of each reporting 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 financial statements 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 financial statements 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 reporting period.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### 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, financial assets and non-current 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 the statement of 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 reporting 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 the statement of 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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Related parties *(Continued)*

- (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.

#### 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, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Property, plant and equipment and depreciation *(Continued)*

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:

Buildings	4.75% – 9.50%
Leasehold improvements	16.29% – 31.67%
Plant and machinery	9.50%
Motor vehicles	23.75%
Furniture and others	9.50% – 31.67%

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 intangible assets are assessed to be either finite or indefinite. 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*

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 5 years.

#### *Emission rights*

Emission rights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Intangible assets (other than goodwill) *(Continued)*

##### *Research and development costs*

All research costs are charged to the profit or loss as incurred.

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.

##### **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 recognizes 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 any 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:

Leasehold land	50 years
Buildings	2 – 7 years

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.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Leases *(Continued)*

##### *Group as a lessee (Continued)*

##### *(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.

##### *(c) Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (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). Lease payments on short-term leases 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.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Investments and other financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, 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.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Investments and other financial assets *(Continued)*

##### *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 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 investments)*

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 or loss. Dividends are recognised as other income in the statement of profit or 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### 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 recognizes 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.

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 recognizes 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.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Impairment of financial assets *(Continued)*

##### *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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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.

Debt investments at fair value through other comprehensive income and 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, bills receivables, contract assets and certain of amount due from related parties 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                          |



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Impairment of financial assets *(Continued)*

##### *Simplified approach*

For trade receivables, bills receivables, contract assets and certain of amount due from related parties 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 recognizes a loss allowance based on lifetime ECLs at the end of each of the 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.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, 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 bills payables, certain other payables and accruals, amounts due to related parties, and interest-bearing bank and other borrowings.

##### *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 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.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### 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.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. 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 and bank balances, 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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of reporting 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.

The Group provides for warranties in relation to the sale of certain products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

#### 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 the reporting 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 the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Income tax *(Continued)*

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.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward 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 carryforward 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 reporting 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 reporting 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Income tax *(Continued)*

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 the reporting 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 or services 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 or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Revenue recognition *(Continued)*

##### *Revenue from contracts with customers (Continued)*

##### *(a) Sales of products*

Revenue from the sales of goods primarily arises from sales of battery products, wastes, battery components and others, which is recognised at the point in time when control of the products is transferred to the customer, generally on the acceptance of the products.

##### *(b) Research and development services*

Revenue from research and development services was recognised only when it satisfied a performance obligation by rendering the service or transferring the control of the result of research and development and there is no unfulfilled obligation that could affect the buyer's acceptance of the result. Before that, the counterparty had no right to receive and consume the benefits of the research and development services.

##### *Revenue from other sources*

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

##### *Other income*

Interest income is recognised on an accrual basis using the effective interest rate 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 or services 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 or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Share-based payments

The Company operates employee share plans. 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 for grants 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 discounted cash flow model, further details of which are given in note 33 to the financial statements.

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 reporting period until the vesting date reflects the extent to which the lock-up restricted period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to 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.

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Other employee benefits

##### *Social pension plans*

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. The Group's liability in respect of these funds is limited to the contributions payable in each of the reporting period.

##### *Housing fund and other social insurances*

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the reporting period.

#### 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.

#### Foreign currencies

These financial statements are 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 financial statements 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 reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 2. ACCOUNTING POLICIES *(Continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Foreign currencies *(Continued)*

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).

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Research and development costs

All research expenses are charged to the profit or loss as incurred during the reporting period.

### Estimation uncertainty

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

### Estimation uncertainty *(Continued)*

#### Provision for expected credit losses on trade receivables and contract assets

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables and contract assets. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables and contract assets relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of invoices of various customer segments with similar loss patterns and collectively assessed for impairment allowance.

Under the collective approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers 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. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the distribution sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 20 to the financial statements.

#### Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. Further details of the inventories are set out in note 19 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

### Estimation uncertainty *(Continued)*

#### Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the financial statements.

#### Provision

The Group makes a provision for product warranty for the sale of battery products according to the best expected settlement under the sales agreement. The provision amount takes into account the Group's recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. Any increase or decrease in provision will affect the profit and loss in future years. Further details of the provision are set out in note 30 to the financial statements.

#### Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses and deductible temporary difference at 31 December 2023 was RMB5,486,816,000 (2022: RMB2,677,184,000). Further details are contained in note 10 to the financial statements.

## 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is the sale of EV battery products, ESS battery products, wastes, battery components, and research and development services. Management reviews the overall results and financial position of the Group as a whole based on the same accounting policies set out in note 2.4. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

### Geographical information

#### (a) Revenue from external customers

	2023 RMB'000	2022 RMB'000
Chinese Mainland (i)	12,698,141	14,480,096
Other countries/regions	1,050,773	167,682
Total revenue	<b>13,748,914</b>	14,647,778

The revenue information above is based on the locations of the direct customers who signed the sales agreements with the Group.

(i) The amounts include sales of battery components to Yongqing Technology Group Co., Ltd. (“永青科技集團有限公司”) (“**Yongqing Technology**”) for onward exports to an overseas EV manufacturer.

#### (b) Non-current assets

	2023 RMB'000	2022 RMB'000
Chinese Mainland	16,704,404	10,002,704
Other countries/regions	7,995	–
Total non-current assets	<b>16,712,399</b>	10,002,704

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

### Information about major customers

Revenue from continuing operations of approximately RMB2,020,657,000 (2022: RMB1,708,342,000) was derived from sales of the products segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
<i>Revenue from contracts with customers</i>	<b>13,743,692</b>	14,646,288
<i>Revenue from other sources</i>		
Gross rental income from operating leases:		
Other lease income, including fixed income	<b>5,222</b>	1,490
Total	<b>13,748,914</b>	14,647,778

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	2023 RMB'000	2022 RMB'000
<b>Revenue from contracts with customers</b>		
Sales of EV battery products – as specified by the industries of the customers	<b>4,307,114</b>	4,642,801
Sales of ESS battery products – as specified by the industries of the customers	<b>6,984,971</b>	8,400,597
Sales of battery components	<b>1,969,626</b>	771,756
Sales of wastes	<b>411,564</b>	796,789
Research and development services	<b>32,925</b>	22,308
Others (a)	<b>37,492</b>	12,037
Total	<b>13,743,692</b>	14,646,288
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>13,710,767</b>	14,623,980
Services satisfied at a point in time	<b>32,925</b>	22,308
Total	<b>13,743,692</b>	14,646,288

(a) The amounts mainly include revenue from sales of raw materials.

## 5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

### Revenue from contracts with customers *(Continued)*

#### (i) Disaggregated revenue information *(Continued)*

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

	2023 RMB'000	2022 RMB'000
Sales of goods	<b>184,408</b>	158,538

#### (ii) Performance obligations

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

##### *Sales of goods*

The performance obligation is satisfied upon the acceptance of the EV battery products, ESS battery products, wastes, battery components and others by the customers and the payment is generally due within 60 to 90 days from delivery.

##### *Research and development services*

The performance obligation is satisfied at the point in time as services are completed or accepted and payment is generally due within 30 days from the date of billing. Payment is conditional on the satisfaction of the service quality by the customers at a point of time as stipulated in the contracts.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

### Other income and gains

An analysis of other income and gains is as follows:

	2023 RMB'000	2022 RMB'000
Government grants related to		
– Assets (i)	<b>28,903</b>	8,939
– Income	<b>42,388</b>	43,196
Interest income	<b>168,048</b>	96,071
Foreign exchange gains, net	–	11,962
Changes in fair value		
– Financial assets at fair value through profit or loss	<b>5,758</b>	2,186
Gain on disposal of a subsidiary (note 35)	<b>6,359</b>	–
Others	<b>14,099</b>	5,464
	<hr/>	<hr/>
Total other income and gains	<b>265,555</b>	167,818

- (i) The Group has received certain government grants related to assets for investment in equipment and plant. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. Details of these grants related to assets are set out in note 29.

## 6. LOSS BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of inventories sold and cost of service		<b>11,710,192</b>	12,579,913
Depreciation of property, plant and equipment	13	<b>920,055</b>	490,755
Depreciation of right-of-use assets	14	<b>20,519</b>	16,809
Amortisation of other intangible assets	15	<b>10,701</b>	6,716
Research and development costs		<b>393,839</b>	286,857
Auditor's remuneration		<b>1,780</b>	300
Listing expenses		<b>40,637</b>	3,440
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		<b>1,544,678</b>	1,059,736
Pension scheme contributions		<b>156,069</b>	86,417
Share incentive scheme expense		<b>92,508</b>	88,339
		<b>1,793,255</b>	1,234,492
Foreign exchange losses/(gains), net		<b>7,304</b>	(11,962)
Provision for impairment of trade receivables and contract assets, net		<b>297,711</b>	81,050
Provision for product warranties		<b>206,964</b>	239,078
Provision for/(reversal of) impairment of inventories		<b>378,622</b>	(24,786)
Interest income		<b>(168,048)</b>	(96,071)
Fair value gains on financial assets at fair value through profit or loss		<b>(5,758)</b>	(2,186)
Gain on disposal of a subsidiary		<b>(6,359)</b>	–

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	<b>292,144</b>	227,390
Interest on lease liabilities	<b>1,753</b>	1,814
Less: Interest capitalised	<b>(37,047)</b>	(40,279)
Total	<b>256,850</b>	188,925



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the reporting period, 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:

	2023 RMB'000	2022 RMB'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	1,980	2,255
Performance related bonuses	3,658	3,458
Pension scheme contributions	187	230
Share incentive scheme expense	47,523	45,298
Subtotal	53,348	51,241
Total	53,348	51,241

In the years ended 31 December 2021 and 2022, certain directors were granted awarded shares, in respect of their services to the Group, further details of which are set out in note 33 to the financial statements. The fair value of such awarded shares, which has been recognised in profit or loss over the lock-up restricted period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executives' remuneration disclosures.

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 RMB'000	2022 RMB'000
Ms. Wong Sze Wing	–	–
Dr. Wang Zhenbo	–	–
Dr. Ren Shenggang	–	–
Dr. Simon Chen	–	–
Total	–	–

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

### (b) Executive directors, non-executive directors and the chief executive

2023

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share incentive scheme expense RMB'000	Total remuneration RMB'000
<b>Executive directors:</b>					
Dr. Cao Hui*	536	800	60	46,664	48,060
Dr. Wu Yanjun	579	1,500	60	–	2,139
Ms. Huang Jiehua	544	1,000	39	716	2,299
Subtotal	1,659	3,300	159	47,380	52,498
<b>Non-executive directors:</b>					
Mr. Hu Xiaodong	–	–	–	–	–
Mr. Wang Haijun	–	–	–	–	–
Ms. Xiang Yangyang	–	–	–	–	–
Mr. Wei Yong	–	–	–	–	–
Mr. Yu Xinhua	–	–	–	–	–
Subtotal	–	–	–	–	–
<b>Supervisors:</b>					
Mr. Qu Enci	–	–	–	–	–
Mr. Fang Yihui	–	–	–	–	–
Ms. Jin Shanyan	321	358	28	143	850
Subtotal	321	358	28	143	850
Total	1,980	3,658	187	47,523	53,348

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

### (b) Executive directors, non-executive directors and the chief executive (Continued)

2022

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share incentive scheme expense RMB'000	Total remuneration RMB'000
<b>Executive directors:</b>					
Dr. Cao Hui*	972	600	101	45,107	46,780
Ms. Sun Jianfen (i)	-	-	-	-	-
Mr. Jiang Sen (ii)	-	-	-	-	-
Mr. Xiang Bingxue (iii)	-	-	-	-	-
Mr. Hu Xiaodong (iv)	-	-	-	-	-
Dr. Wu Yanjun	193	1,500	50	-	1,743
Ms. Huang Jiehua	569	1,000	44	159	1,772
Mr. Wang Haijun (v)	-	-	-	-	-
Ms. Xiang Yangyang (vi)	-	-	-	-	-
Mr. Wei Yong (vii)	-	-	-	-	-
Mr. Yu Xinhua (viii)	-	-	-	-	-
Subtotal	1,734	3,100	195	45,266	50,295
<b>Non-executive directors:</b>					
Mr. Hu Xiaodong	-	-	-	-	-
Mr. Wang Haijun	-	-	-	-	-
Ms. Xiang Yangyang	-	-	-	-	-
Mr. Wei Yong	-	-	-	-	-
Mr. Yu Xinhua	-	-	-	-	-
Subtotal	-	-	-	-	-
<b>Supervisors:</b>					
Ms. Zhao Na (ix)	-	-	-	-	-
Mr. Qu Enci	-	-	-	-	-
Mr. Fang Yihui	-	-	-	-	-
Ms. Jin Shanyan	521	358	35	32	946
Subtotal	521	358	35	32	946
Total	2,255	3,458	230	45,298	51,241

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

### (b) Executive directors, non-executive directors and the chief executive *(Continued)*

- (i) Ms. Sun Jianfen was appointed as a director of the Company with effect from 25 October 2017, and resigned with effect from 7 April 2022 due to the commercial arrangement.
  - (ii) Mr. Jiang Sen was appointed as a director of the Company with effect from 25 October 2017, and resigned with effect from 7 April 2022 due to the commercial arrangement.
  - (iii) Mr. Xiang Bingxue was appointed as a director of the Company with effect from 25 October 2017, and resigned with effect from 7 April 2022 due to the commercial arrangement.
  - (iv) Mr. Hu Xiaodong was appointed as a director of the Company with effect from 12 June 2020, and re-designated as a non-executive director on 11 November 2022.
  - (v) Mr. Wang Haijun was appointed as a director of the Company with effect from 31 March 2022, and re-designated as a non-executive director on 11 November 2022.
  - (vi) Ms. Xiang Yangyang was appointed as a director of the Company with effect from 31 March 2022, and re-designated as a non-executive director on 11 November 2022.
  - (vii) Mr. Wei Yong was appointed as a director of the Company with effect from 11 April 2022, and re-designated as a non-executive director on 11 November 2022.
  - (viii) Mr. Yu Xinhua was appointed as a director of the Company with effect from 4 August 2022, and re-designated as a non-executive director on 11 November 2022.
  - (ix) Ms. Zhao Na was appointed as a supervisor of the Company with effect from 25 October 2017, and resigned with effect from 7 April 2022 due to the commercial arrangement.
- \* Dr. Cao Hui, who acts as a director of the Company, is also the chief executive officer of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2022: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the reporting period included one director (2022: one), details of whose remuneration are set out in note 8 above.

Details of the remuneration for the year of the remaining four (2022: four) highest paid employees who are neither directors nor the chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	2,263	2,578
Performance related bonuses	3,700	3,182
Pension scheme contributions	286	383
Share incentive scheme expense	52,204	52,204
Total	58,453	58,347

The numbers of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	2023 Number of employees	2022 Number of employees
HKD14,000,001 to HKD14,500,000	1	–
HKD14,500,001 to HKD15,000,000	2	1
HKD15,000,001 to HKD16,000,000	–	2
HKD20,000,001 to HKD20,500,000	1	–
HKD21,500,001 to HKD22,000,000	–	1
Total	4	4

In 2021 and 2022, awarded shares were granted to four non-director, non-supervisor and non-chief executive highest paid employees in respect of their services to the Group, further details are included in the disclosures in note 33 to the financial statements. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

## 10. INCOME TAX

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

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

The Company was renewed as a High and New Technology Enterprise in 2023, and therefore, the Company was entitled to a preferential CIT rate of 15% (2022: 15%). This qualification is subject to review by the relevant tax authority in the PRC every three years.

REPT Qingchuang was qualified as a High and New Technology Enterprise in 2021 and was entitled to a preferential tax rate of 15% from 2021 to 2023.

BatteroTech Jiashan was qualified as a High and New Technology Enterprise in 2023 and was entitled to a preferential tax rate of 15% from 2023 to 2025.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the applicable tax rate is as follows:

	2023 RMB'000	2022 RMB'000
Loss before tax	<b>(1,940,863)</b>	(450,798)
Tax at the statutory tax rate	<b>(485,216)</b>	(112,700)
Preferential tax rate enacted by the Company and the subsidiaries	<b>139,889</b>	41,428
Expenses not deductible for tax	<b>1,004</b>	469
Additional deductible allowance for research and development costs	<b>(129,835)</b>	(126,651)
Tax losses utilised from previous periods	<b>(38,939)</b>	–
Temporary difference and tax losses not recognised	<b>515,534</b>	197,479
Tax charge at the Group's effective rate	<b>2,437</b>	25

Deferred tax assets have not been recognised in respect of these timing differences as they have been incurred in companies that were loss-making in the past and it is not probable that they will generate sufficient taxable income in the foreseeable future to utilise such tax losses.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 10. INCOME TAX *(Continued)*

Deferred tax assets have not been recognised in respect of the following items:

	2023 RMB'000	2022 RMB'000
Tax losses	<b>2,512,138</b>	1,636,569
Temporary difference	<b>2,974,678</b>	1,040,615
Total	<b>5,486,816</b>	2,677,184

As at 31 December 2023, unrecognised tax losses will expire as follows:

	2023 RMB'000	2022 RMB'000
2025	–	35,835
2026	<b>42,955</b>	268,059
2027	<b>25,029</b>	34,463
2028	<b>282,258</b>	43,556
2029	<b>86,333</b>	86,333
2030	<b>43,945</b>	43,945
2031	<b>558,808</b>	557,463
2032	<b>576,350</b>	566,915
2033	<b>896,460</b>	–
Total	<b>2,512,138</b>	1,636,569

## 11. DIVIDENDS

The Board did not recommend the payment of any dividend during the year ended 31 December 2023 (2022: Nil).

## 12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,165,255,858 (2022: 1,772,565,580) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2023.

The calculation of basic loss per share is based on:

	2023	2022
	RMB'000	RMB'000
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<b>(1,471,802)</b>	(354,121)
<b>Shares</b>		
	Number of shares	
	2023	2022
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<b>2,165,255,858</b>	1,772,565,580

The weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in April 2022.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December, 2023</b>							
At 1 January, 2023:							
Cost	1,446,078	33,213	5,553,359	15,161	523,311	1,902,780	9,473,902
Accumulated depreciation	(122,293)	(12,201)	(467,589)	(3,682)	(124,767)	-	(730,532)
Net carrying amount	1,323,785	21,012	5,085,770	11,479	398,544	1,902,780	8,743,370
At 1 January, 2023, net of accumulated depreciation							
1,323,785	21,012	5,085,770	11,479	398,544	1,902,780	8,743,370	
Additions	-	-	-	-	-	7,478,968	7,478,968
Depreciation provided during the year	(116,488)	(6,387)	(633,543)	(9,549)	(154,088)	-	(920,055)
Disposals	-	-	(1,098)	(203)	(124)	-	(1,425)
Disposal of a subsidiary (note 35)	-	-	(5,425)	(79)	(2,311)	-	(7,815)
Transfers	1,546,060	840	3,414,748	28,629	392,175	(5,382,452)	-
At 31 December, 2023, net of accumulated depreciation							
2,753,357	15,465	7,860,452	30,277	634,196	3,999,296	15,293,043	
At 31 December, 2023							
Cost	2,992,138	34,053	8,961,584	43,508	913,051	3,999,296	16,943,630
Accumulated depreciation	(238,781)	(18,588)	(1,101,132)	(13,231)	(278,855)	-	(1,650,587)
Net carrying amount	2,753,357	15,465	7,860,452	30,277	634,196	3,999,296	15,293,043

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor v ehicles RMB'000	Furniture and others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December, 2022</b>							
At 1 January, 2022:							
Cost	616,953	26,552	1,859,485	6,690	314,291	1,656,098	4,480,069
Accumulated depreciation	(67,117)	(6,973)	(123,715)	(1,361)	(40,611)	-	(239,777)
Net carrying amount	549,836	19,579	1,735,770	5,329	273,680	1,656,098	4,240,292
At 1 January, 2022, net of accumulated depreciation							
Additions	-	-	-	-	-	4,993,837	4,993,837
Depreciation provided during the year	(55,176)	(5,228)	(343,874)	(2,321)	(84,156)	-	(490,755)
Disposals	-	-	(4)	-	-	-	(4)
Transfers	829,125	6,661	3,693,878	8,471	209,020	(4,747,155)	-
At 31 December, 2022, net of accumulated depreciation							
	1,323,785	21,012	5,085,770	11,479	398,544	1,902,780	8,743,370
At 31 December, 2022:							
Cost	1,446,078	33,213	5,553,359	15,161	523,311	1,902,780	9,473,902
Accumulated depreciation	(122,293)	(12,201)	(467,589)	(3,682)	(124,767)	-	(730,532)
Net carrying amount	1,323,785	21,012	5,085,770	11,479	398,544	1,902,780	8,743,370

At 31 December 2023, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB3,736,054,000 (2022: RMB3,482,147,000) were pledged to secure certain interest-bearing bank and other borrowings of the Group (note 28).

During the year, there was no impairment provided for the Group's property, plant and equipment (2022: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### The Group as a lessee

The Group has lease contracts mainly for various items of buildings, and plant and machinery used in its operations. Leases of buildings generally have lease terms between 24 months and 84 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
As at 31 December, 2021 and 1 January 2022	252,272	39,529	291,801
Additions	210,381	3,681	214,062
Depreciation provided during the year	(6,419)	(10,390)	(16,809)
As at 31 December 2022 and 1 January 2023	<b>456,234</b>	<b>32,820</b>	<b>489,054</b>
Additions	<b>476,281</b>	<b>13,077</b>	<b>489,358</b>
Depreciation provided during the year	<b>(9,000)</b>	<b>(11,519)</b>	<b>(20,519)</b>
As at 31 December 2023	<b>923,515</b>	<b>34,378</b>	<b>957,893</b>

At 31 December 2023, certain of the leasehold land with a net carrying amount of approximately RMB260,158,000 (2022: RMB171,150,000) were pledged to secure certain interest-bearing bank borrowings of the Group (note 28).

**14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES** *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	35,444	41,585
New lease	13,077	3,681
Accretion of interest recognised during the year	1,753	1,814
Payments	<b>(13,555)</b>	(11,636)
	<b>36,719</b>	35,444
Analysed into:		
Current portion	13,137	9,616
Non-current portion	<b>23,582</b>	25,828

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	1,753	1,814
Depreciation charge of right-of-use assets	20,519	16,809
Expense relating to short-term leases	<b>5,286</b>	3,797
	<b>27,558</b>	22,420

(d) The total cash outflow for leases is disclosed in note 36 to the financial statements.

(e) Included in the lease expense, amounts of RMB9,674,000 (2022: RMB7,701,000) during the year were due to leases from related parties. Details were disclosed in note 39(b) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. OTHER INTANGIBLE ASSETS

	Software RMB'000	Emission rights RMB'000	Total RMB'000
<b>31 December 2023</b>			
Cost at 1 January 2023, net of accumulated amortisation	24,123	4,654	28,777
Additions	22,364	994	23,358
Disposals of a subsidiary (note 35)	–	(55)	(55)
Amortisation provided during the year	(9,365)	(1,336)	(10,701)
At 31 December 2023	37,122	4,257	41,379
At 31 December 2023:			
Cost	55,662	6,687	62,349
Accumulated amortisation	(18,540)	(2,430)	(20,970)
Net carrying amount	37,122	4,257	41,379

**15. OTHER INTANGIBLE ASSETS** *(Continued)*

	Software RMB'000	Emission rights RMB'000	Total RMB'000
<b>31 December 2022</b>			
At 1 January 2022:			
Cost	13,848	–	13,848
Accumulated amortisation	(3,553)	–	(3,553)
Net carrying amount	10,295	–	10,295
Cost at 1 January 2022, net of accumulated amortisation	10,295	–	10,295
Additions	19,450	5,748	25,198
Amortisation provided during the year	(5,622)	(1,094)	(6,716)
At 31 December 2022	24,123	4,654	28,777
At 31 December 2022 and at 1 January 2023:			
Cost	33,298	5,748	39,046
Accumulated amortisation	(9,175)	(1,094)	(10,269)
Net carrying amount	24,123	4,654	28,777

There was no impairment provided for the Group's other intangible assets during the year (2022: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVESTMENTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Share of net assets	<b>173,240</b>	132,391

The Group's trade receivable balances and payable balances with the joint ventures are disclosed in note 39 to the financial statements.

Particulars of the joint ventures are as follows:

Name	Particulars of shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
SAIC REPT EV Battery System Co., Ltd. ("賽克瑞浦動力電池系統有限公司") ("SAIC REPT")	Registered capital of RMB1 each	PRC/Chinese Mainland	34%	Manufacture and sale of battery products
Zhejiang Qingruida Precision Technology Co., Ltd. ("浙江青瑞達精密科技有限公司") ("Qingruida")	Registered capital of RMB1 each	PRC/Chinese Mainland	40%	Manufacture and sale of battery accessories

SAIC REPT, which is considered a material joint venture of the Group, acts as the Group's strategic partner engaged in manufacture of battery products and is accounted for using the equity method.

Qingruida, which is considered a joint venture of the Group, acts as the Group's strategic partner engaged in manufacture of battery accessories and is accounted for using the equity method.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 16. INVESTMENTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information in respect of SAIC REPT and Qingruida adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

#### SAIC REPT

	2023	2022
	RMB'000	RMB'000
Current assets	<b>2,373,350</b>	915,543
Non-current assets	<b>503,361</b>	244,562
Current liabilities	<b>(2,192,522)</b>	(669,872)
Non-current liabilities	<b>(287,794)</b>	(94,900)
Net assets	<b>396,395</b>	395,333
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	<b>34%</b>	34%
Group's share of net assets of the joint venture	<b>134,774</b>	134,413
Unrealised profit	<b>(126)</b>	(2,022)
Carrying amount of the investment	<b>134,648</b>	132,391
Profit/(loss) for the year	<b>1,061</b>	(4,667)
Total comprehensive income/(loss) for the year	<b>1,061</b>	(4,667)



# NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVESTMENTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information in respect of SAIC REPT and Qingruida adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements: *(Continued)*

### Qingruida

	2023 RMB'000
Current assets	4,572
Non-current assets	95,119
Current liabilities	<u>(3,210)</u>
Net assets	<u>96,481</u>
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	40%
Carrying amount of the investment	<u>38,592</u>
Loss for the year	(3,519)
Total comprehensive loss for the year	<u>(3,519)</u>

17. INVESTMENT IN AN ASSOCIATE

	2023 RMB'000	2022 RMB'000
Share of net assets	<b>1,482</b>	–

The Group's trade receivable balances and payable balances with the associate is disclosed in note 39 to the financial statements.

Particulars of the associate are as follows:

Name	Particulars of shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Wenzhou Xinke Technology Co., Ltd. ("温州芯殼科技有限公司") ("Wenzhou Xinke")	Registered capital of RMB1 each	PRC/Chinese Mainland	30%	Aluminium shell processing and machining

Wenzhou Xinke, which is considered an associate of the Group, acts as the Group's strategic partner engaged in the manufacture of aluminium shell products and is accounted for using the equity method. Further details of which are given in note 35 to the financial statements.

As at 31 December 2023, the associate mentioned above was not individually material to the Group.

The following table illustrates the financial information of the Group's associate:

	2023 RMB'000
Share of the associate loss for the year	<b>(595)</b>
Share of the associate total comprehensive loss	<b>(595)</b>
Aggregate carrying amount of the Group's investment in the associate	<b>1,482</b>

## NOTES TO THE FINANCIAL STATEMENTS

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### 18. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000
Unlisted equity investment, at fair value Liuzhou Fansaika New Energy Technology Co., Ltd. ("柳州法恩赛克新能源科技有限公司") ("Liuzhou Fansaika")	<b>10,361</b>	–

In January 2023, the Company invested and held 5% shares in Liuzhou Fansaika, newly established in January 2023, with a consideration of RMB10,000,000. As at 31 December 2023, Liuzhou Fansaika was still in construction stage and its major business is the production and sale of electrolytes. The Company made such investment as part of its strategy of ensuring stable and cost-effective supply of raw materials by investing in upstream raw material suppliers. The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

### 19. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	<b>744,198</b>	1,263,202
Work in progress	<b>575,512</b>	522,294
Finished goods	<b>1,861,467</b>	1,460,153
Total	<b>3,181,177</b>	3,245,649

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

	2023 RMB'000	2022 RMB'000
At beginning of year	<b>64,986</b>	89,772
Provision for impairment losses, net	<b>378,622</b>	(24,786)
At end of year	<b>443,608</b>	64,986

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND BILLS RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	<b>2,587,256</b>	3,614,199
Bills receivable	<b>1,571,650</b>	664,546
Impairment	<b>(349,949)</b>	(84,688)
Net carrying amount	<b>3,808,957</b>	4,194,057
Denominated in RMB	<b>3,769,765</b>	4,188,022
Denominated in USD	<b>35,718</b>	–
Denominated in EUR	<b>3,474</b>	6,035
Total	<b>3,808,957</b>	4,194,057

The Group's trading terms with its customers are mainly on credit. The credit term is generally from one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivables were all bank acceptances that aged within six months and were neither past due nor impaired.

As at 31 December 2023, certain of the bills receivables with a net carrying amount of RMB726,233,000 (2022: RMB50,000,000) were pledged to secure certain of interest-bearing bank borrowings of the Group (note 28).

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

	2023 RMB'000	2022 RMB'000
Within 3 months	<b>1,789,016</b>	2,990,487
3 to 6 months	<b>166,005</b>	511,448
6 to 12 months	<b>82,619</b>	18,230
1 to 2 years	<b>199,667</b>	9,346
Total	<b>2,237,307</b>	3,529,511

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 20. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2023 RMB'000	2022 RMB'000
At beginning of year	<b>84,688</b>	3,638
Impairment losses, net	<b>265,261</b>	81,050
At end of year	<b>349,949</b>	84,688

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off according to management approval.

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

#### As at 31 December 2023

	Expected credit loss rate (%)	Gross carrying amount RMB'000	Expected credit losses RMB'000	Net carrying amount RMB'000
Provision on an individual basis	<b>58.43</b>	<b>382,568</b>	<b>223,537</b>	<b>159,031</b>
Provision on a collective basis				
Aged less than 3 months	<b>1.28</b>	<b>1,812,300</b>	<b>23,284</b>	<b>1,789,016</b>
Aged 3 to 6 months	<b>11.98</b>	<b>188,603</b>	<b>22,599</b>	<b>166,004</b>
Aged 6 to 12 months	<b>31.80</b>	<b>106,898</b>	<b>33,994</b>	<b>72,904</b>
Aged 1 to 2 years	<b>47.78</b>	<b>96,414</b>	<b>46,062</b>	<b>50,352</b>
Aged over 2 years	<b>100.00</b>	<b>473</b>	<b>473</b>	<b>–</b>
Total		<b>2,587,256</b>	<b>349,949</b>	<b>2,237,307</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 20. TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2022

	Expected credit loss rate (%)	Gross carrying amount RMB'000	Expected credit losses RMB'000	Net carrying amount RMB'000
Provision on an individual basis	75.00	99,336	74,502	24,834
Provision on a collective basis				
Aged less than 3 months	0.15	2,984,162	4,508	2,979,654
Aged 3 to 6 months	0.67	500,963	3,352	497,611
Aged 6 to 12 months	2.37	18,672	442	18,230
Aged 1 to 2 years	16.05	10,937	1,755	9,182
Aged over 2 years	100.00	129	129	–
Total		3,614,199	84,688	3,529,511

## 21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		2023 RMB'000	2022 RMB'000
Current			
Prepayments		<b>58,473</b>	310,066
Value-added-tax recoverable	(i)	<b>659,479</b>	148,377
Deposits and other receivables	(ii)	<b>17,848</b>	259,465
Total		<b>735,800</b>	717,908
Non-Current			
Prepayments for property, plant and equipment		<b>172,779</b>	547,063
Deposits and other receivables	(ii)	<b>60,000</b>	60,162
Total		<b>232,779</b>	607,225

(i) The Group's domestic sales of goods and rendering of services is subject to PRC value-added-tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is mainly the net difference between output and deductible input VAT. The VAT recoverable is classified as non-current asset when it is not expected to be utilised within the following 12 months.

(ii) The financial assets included in the above balances relate to deposits and other receivables which were categorised in stage 1 at the end of each of the reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking factors and information. During the year, the deposits and other receivables had no recent history of default and past due amounts. As at 31 December 2023, the loss allowance was assessed to be minimal.

# NOTES TO THE FINANCIAL STATEMENTS

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## 22. CONTRACT ASSETS

	2023 RMB'000	2022 RMB'000
Contract assets arising from:		
Sale of products	<b>160,366</b>	113,426
Impairment	<b>(5,917)</b>	–
Net carrying amount	<b>154,449</b>	113,426

Contract assets are initially recognised for revenue earned from the sale of products as the receipt of consideration is conditional. The Group seeks to maintain strict control over its outstanding contract assets and has a credit control process to minimise credit risk. The Group and the Company does not hold any collateral or other credit enhancements over its contract assets balances. Contract assets are non-interest-bearing.

During the year ended 31 December 2023, RMB5,917,000 (2022: Nil) was recognised as an allowance for expected credit losses on contract assets.

The expected timing of recovery or settlement for contract assets at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	<b>134,428</b>	97,425
After one year	<b>20,021</b>	16,001
Total	<b>154,449</b>	113,426

## 22. CONTRACT ASSETS *(Continued)*

The movement in the loss allowance for impairment of contract assets is as follows:

	2023 RMB'000	2022 RMB'000
At beginning of year	–	–
Impairment losses, net	<b>5,917</b>	–
At end of year	<b>5,917</b>	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the ageing from invoice of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	2023
Expected credit loss rate	<b>3.69%</b>
Gross carrying amount (RMB'000)	<b>160,366</b>
Expected credit losses (RMB'000)	<b>5,917</b>

## 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Current		
Other unlisted investments, at fair value (i)	<b>564,505</b>	15,000
Forward foreign exchange contracts	–	2,186
Total	<b>564,505</b>	17,186

- (i) The unlisted investments were wealth management products issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. As at 31 December 2023, the unlisted investments amounting RMB564,505,000 (2022: RMB15,000,000) were pledged for issuance of bills payables.



# NOTES TO THE FINANCIAL STATEMENTS

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## 24. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2023 RMB'000	2022 RMB'000
Cash and bank balances	<b>6,317,594</b>	4,961,073
Time deposits	<b>3,162,006</b>	1,783,517
Subtotal	<b>9,479,600</b>	6,744,590
Less:		
Restricted time deposits:		
Pledged for issuance of bills	<b>1,027,472</b>	1,749,158
Pledged for issuance of a letter of guarantee (i)	<b>70,200</b>	34,359
Restricted bank deposits:		
Pledged for issuance of bills (ii)	<b>1,939</b>	–
Pledged for bank facilities (iii)	<b>–</b>	60,011
Other restricted bank deposits	<b>519</b>	–
Cash and cash equivalents	<b>8,379,470</b>	4,901,062
Denominated in USD	<b>9,213</b>	34,874
Denominated in RMB	<b>7,558,039</b>	6,709,713
Denominated in HKD	<b>1,903,887</b>	–
Denominated in EUR	<b>8,461</b>	3
Total	<b>9,479,600</b>	6,744,590

(i) As at 31 December 2023, the deposits of RMB70,200,000 (2022: RMB34,359,000) were pledged for the issuance of a letter of guarantee by banks to provide guarantee in respect of purchase contracts signed with suppliers.

(ii) As at 31 December 2023, the restricted bank deposits of RMB1,939,000 (2022: Nil) were pledged for the issuance of bills payables.

(iii) As at 31 December 2022, the restricted bank deposits of RMB60,011,000 were pledged for bank facilities.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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. Short term time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. TRADE AND BILLS PAYABLES

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

	2023	2022
	RMB'000	RMB'000
Within 1 year	<b>7,251,201</b>	6,772,880
1 to 2 years	<b>1,192</b>	444
Total	<b>7,252,393</b>	6,773,324

The trade payables are non-interest-bearing and are normally settled on 90 to 180 days terms.

## 26. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	RMB'000
Payable for purchase of property, plant and equipment	<b>4,102,653</b>	2,199,559
Salary payables	<b>460,182</b>	307,610
Deposit received	<b>132,365</b>	184,371
Other tax payables	<b>59,473</b>	35,722
Other payables and accruals	<b>81,220</b>	60,366
Total	<b>4,835,893</b>	2,787,628

Other payables are unsecured and non-interest-bearing, repayable within 1 year. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

## 27. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2023	2022
	RMB'000	RMB'000
Short-term advances received from customers		
– Sales of goods	<b>127,330</b>	184,408

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2023			2022		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>							
Bank loans – pledged	(b)	3.00	2024	966,432	3.85	2023	100,033
Bank loans – guaranteed	(c)	3.05–3.60	2024	841,433	3.85	2023	5,005
Bank loans – unsecured	(d)	0.10–2.50	2024	226,118	4.15–4.20	2023	200,231
Current portion of long term bank loans – pledged and guaranteed	(a)	4.20	2024	2,029	4.30	2023	1,772
Current portion of long term bank loans – pledged	(b)	3.35–4.30	2024	305,073	3.20–4.60	2023	2,662
Current portion of long term bank loans – guaranteed	(c)	2.95–3.70	2024	1,242	3.90	2023	343
Current portion of long term bank loans – unsecured	(d)	1.95–3.40	2024	140,931	3.60	2023	1,148
Current portion of long term other loans – pledged	(e)	3.95	2024	100,000	4.80	2023	154,015
Current portion of other loan – pledged and guaranteed	(f)	4.00	2024	7,672	–	–	–
Total – current				<u>2,590,930</u>			<u>465,209</u>
<b>Non-current</b>							
Bank loans – pledged and guaranteed	(a)	4.20	2025–2031	1,739,318	4.30	2025–2030	1,484,276
Bank loans – pledged	(b)	3.35–4.30	2025–2033	2,230,474	3.20–4.60	2024–2028	2,100,369
Bank loans – guaranteed	(c)	2.95–3.70	2025–2033	1,274,970	3.90	2025	311,940
Bank loans – unsecured	(d)	1.95–2.95	2025–2028	1,603,481	3.60	2024	26,880
Other loans – pledged	(e)	3.95	2025	100,000	4.80	2024–2025	262,500
Other loan – pledged and guaranteed	(f)	4.00	2025–2028	88,667	–	–	–
Total – non-current				<u>7,036,910</u>			<u>4,185,965</u>
Total				<u>9,627,840</u>			<u>4,651,174</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	2023 RMB'000	2022 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<b>2,483,258</b>	311,194
In the second year	<b>1,434,144</b>	275,924
In the third to fifth years, inclusive	<b>3,823,141</b>	2,019,990
Beyond five years	<b>1,590,959</b>	1,627,551
Subtotal	<b>9,331,502</b>	4,234,659
Other borrowings repayable:		
Within one year or on demand	<b>107,672</b>	154,015
In the second year	<b>110,666</b>	150,000
In the third to fifth years, inclusive	<b>78,000</b>	112,500
Subtotal	<b>296,338</b>	416,515
Total	<b>9,627,840</b>	4,651,174

- (a) Certain of the Group's bank borrowings with the amounts of RMB1,741,347,000 (2022: RMB1,486,048,000) were secured by:
- the pledge of certain of the Group's leasehold land with a carrying amount of RMB70,607,000 (2022: RMB72,106,000) and;
  - the pledge of certain of the Group's property, plant and equipment with a carrying amount of RMB614,862,000 (2022: RMB1,190,032,000); and
  - the guarantee from the Company.

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### 28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

- (b) Certain of the Group's bank borrowings with the amount of RMB726,233,000 (2022: RMB50,000,000) were secured by the pledge of certain of the Group's bills receivables with carrying amount of RMB726,233,000 (2022: RMB50,000,000).

Certain of the Group's bank borrowings with the amount of RMB2,775,746,000 (2022: RMB2,153,064,000) were secured by:

- the pledge of certain of the Group's leasehold land with a carrying amount of RMB189,551,000 (2022: RMB99,044,000); and
- the pledge of certain of the Group's property, plant and equipment with a carrying amount of RMB2,558,693,000 (2022: RMB1,735,705,000).

- (c) Certain of the Group's bank borrowings with the amount of RMB529,296,000 (2022: RMB317,288,000) were guaranteed by BatteroTech Jiashan, a subsidiary of the Company.

Certain of the Group's bank borrowings with the amount of RMB1,588,349,000 (2022: Nil) were guaranteed by the Company.

- (d) Certain of the Group's bank borrowings with the amount of RMB1,970,530,000 (2022: RMB228,259,000) were unsecured.

- (e) Certain of the Group's bank borrowing with the amount of RMB200,000,000 (2022: RMB416,515,000) was secured by the pledge of certain of the Group's property, plant and equipment with a carrying amount of RMB481,571,000 (2022: RMB556,410,000).

- (f) Certain of the Group's bank borrowing with the amount of RMB96,339,000 (2022: Nil) was secured by:

- the pledge of certain of the Group's property, plant and equipment with a carrying amount of RMB80,928,000; and
- the guarantee from BatteroTech Jiashan, a subsidiary of the Company.

## 29. DEFERRED GOVERNMENT GRANTS

		2023	2022
		RMB'000	RMB'000
At beginning of year		<b>168,367</b>	66,685
Addition	(i)	<b>1,899,485</b>	110,621
Amortisation during the year		<b>(28,903)</b>	(8,939)
At end of year		<b>2,038,949</b>	168,367
Current portion		<b>73,851</b>	13,355
Non-current portion		<b>1,965,098</b>	155,012

(i) The addition of deferred government grants mainly relates to the subsidies received by the Group for the construction of new plants.

## 30. PROVISIONS

		2023	2022
		RMB'000	RMB'000
At beginning of year		<b>272,077</b>	49,958
Addition		<b>206,964</b>	239,078
Amount utilised during the year		<b>(35,137)</b>	(16,959)
At end of year		<b>443,904</b>	272,077
Portion classified as current liabilities		<b>72,206</b>	48,534
Non-current portion		<b>371,698</b>	223,543

The Group provides warranties of 3 to 8 years to its customers on the battery products. The amount of the provision for the warranties is estimated based on the Group's recent claims, past warranty data and the weight of all possible results and their related probabilities. As the Group continues to upgrade its product design and introduce new models, the recent claims may not represent the claims it will face in the future for past sales. Any increase or decrease in provision will affect the profit and loss in future years. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 31. SHARE CAPITAL

	2023 RMB'000	2022 RMB'000
Issued and fully paid:		
2,276,874 (2022: 2,160,804) ordinary shares	<b>2,276,874</b>	2,160,804

A summary of movements in the Company's share capital is as follows:

	Numbers of shares in issue	Paid-in capital/ Share capital RMB'000
At 1 January 2022	N/A	1,463,415
Issue of ordinary shares upon conversion of into a joint stock company	1,463,414,634	–
Issue of shares	697,389,216	697,389
At 31 December 2022 and 1 January 2023	<b>2,160,803,850</b>	<b>2,160,804</b>
Issue of shares (a)	<b>116,070,200</b>	<b>116,070</b>
At 31 December 2023	<b>2,276,874,050</b>	<b>2,276,874</b>

- (a) On 18 December 2023, the Company issued 116,845,300 H shares with a nominal value of RMB1.00 each at a price of HK\$18.30 per share by way of initial public offering to global investors. Net proceeds after deducting related listing fee from such issuance amounted to RMB1,885,830,000, out of which RMB116,070,000 and RMB1,769,760,000 were credited in share capital and capital reserves respectively.

## 32. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the financial statements.

### Capital reserve

The capital reserve mainly comprises the capital/share premium of the Company and the difference between the aggregate of the then net assets of the non-controlling interests acquired and the consideration paid by the Group.

### 33. SHARE INCENTIVE SCHEME

#### 2021 Incentive Scheme

On 31 August 2021, a share incentive scheme (the “**2021 Incentive Scheme**”) was approved by the shareholders.

Pursuant to the 2021 Incentive Scheme, incentives will be awarded to the eligible participants in the form of (i) type A awarded shares; and (ii) type B awarded shares.

The scope of eligible participants for the Incentive Scheme shall include directors, senior management and other key employees of the Group who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of the Group. The list of eligible participants and the number of shares to be granted shall be determined by the Board. All eligible participants must be the employees of the Group, who have entered into labour contracts with the Company or its subsidiaries, during the appraisal period of the 2021 Incentive Scheme.

#### (i) 2021 Type A Awarded Shares

On 31 August 2021, a total of 112,999,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB9,951 (the “**Type A Awarded Shares**”). 25%, 25%, 25% and 25% of the Type A Awarded Shares would be vested since the fifth, sixth, seventh and eighth anniversaries of the date of grant if they remain in office as employees of the Group at that date. The total fair value of the Type A Awarded Shares determined at the date of grant was equivalent to RMB454,278,000, and the fair value was determined by an external valuer using the discounted cash flow model taking into consideration the terms and conditions upon which the awarded shares were granted. The amount of RMB70,277,000 (2022: RMB72,904,000) in respect of the Type A Awarded Shares under the 2021 Incentive Scheme was recognised as an expense and included in the staff cost for the year ended 31 December 2023.

Any dividend declared in respect of the Type A Awarded Shares during the lock-up restricted period belongs to the participants. However, the participants do not have any voting right in respect of the Type A Awarded Shares during the lock-up restricted period.

#### (ii) 2021 Type B Awarded Shares

On 31 August 2021, a total of 225,997,000 shares of the Company were awarded to the directors of the Company and employees of the Group at a consideration of RMB9,748 (the “**Type B Awarded Shares**”). The Type B Awarded Shares would be vested since the twentieth anniversary of the date of grant if they remain in office as employees of the Group at that date. The total fair value of the Type B Awarded Shares determined at the date of grant was equivalent to RMB908,565,000, and the fair value was determined by an external valuer using the discounted cash flow model taking into consideration the terms and conditions upon which the awarded shares were granted. The amount of RMB53,467,000 (2022: RMB55,234,000) in respect of the Type B Awarded Shares under the 2021 Incentive Scheme was recognised as an expense and included in the staff cost for the year ended 31 December 2023.

Any dividend declared in respect of the Type B Awarded Shares during the lock-up restricted period belongs to the participants. However, the participants do not have any voting right in respect of the Type B Awarded Shares during the lock-up restricted period.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 33. SHARE INCENTIVE SCHEME *(Continued)*

### 2022 Incentive Scheme

In June 2022, a share incentive scheme (the “**2022 Incentive Scheme**”) was approved by the shareholders.

Pursuant to the 2022 Incentive Scheme, incentives will be awarded to the eligible participants in the form of (i) type A awarded shares; and (ii) type B awarded shares.

The scope of eligible participants for the Incentive Scheme shall include directors and senior management, key technicians and other key employees of the Group who, in the opinion of the Board, contribute directly to the overall business performance and sustainable development of the Group. The list of eligible participants and the number of shares to be granted shall be determined by the Board. All eligible participants must be the employees of the Group, who have entered into labour contracts with the Company or its subsidiaries, during the appraisal period of the 2022 Incentive Scheme.

#### (i) 2022 Type A Awarded Shares

On 30 September 2022, a total of 6,741,000 shares of the Company were awarded to the employees of the Group at a consideration of RMB21,000 (the “**2022 Type A Awarded Shares**”). 25%, 25%, 25% and 25% of the 2022 Type A Awarded Shares would be vested since the fourth, fifth, sixth and seventh anniversaries of the date of grant if they remain in office as employees of the Group at that date. The total fair value of the 2022 Type A Awarded Shares determined at the date of grant was equivalent to RMB94,764,000, and the fair value was determined by an external valuer using the back-solve method and adopting the equity allocation model taking into consideration the financing prices from series B investors in August and September 2022. An amount of RMB15,673,000 (2022: RMB3,555,000) in respect of the 2022 Type A Awarded Shares under the 2022 Incentive Scheme was recognised as an expense and included in the staff cost for the year ended 31 December 2023.

Any dividend declared in respect of the 2022 Type A Awarded Shares during the lock-up restricted period belongs to the participants. However, the participants do not have any voting right in respect of the 2022 Type A Awarded Shares during the lock-up restricted period.

**33. SHARE INCENTIVE SCHEME** *(Continued)*

**2022 Incentive Scheme** *(Continued)*

(ii) **2022 Type B Awarded Shares**

On 30 September 2022, a total of 12,283,000 shares of the Company were awarded to the employees of the Group at a consideration of RMB39,000 (the “**2022 Type B Awarded Shares**”). All of the 2022 Type B Awarded Shares would be vested since the twentieth anniversary of the date of employment if they remain in office as employees of the Group at that date. The total fair value of the 2022 Type B Awarded Shares determined at the date of grant was equivalent to RMB172,659,000, and the fair value was determined by an external valuer using the back-solve method and adopting the equity allocation model taking into consideration the financing prices from series B investors in August and September 2022. An amount of RMB8,575,000 (2022: RMB1,944,000) in respect of the 2022 Type B Awarded Shares was recognised for the year ended 31 December 2023.

Any dividend declared in respect of the 2022 Type B Awarded Shares during the lock-up restricted period belongs to the participants. However, the participants do not have any voting right in respect of the 2022 Type B Awarded Shares during the lock-up restricted period.

The following Awarded Shares were outstanding under the share incentive schemes during the year:

	2021 Awarded Shares '000	2022 Awarded Shares '000	Total '000
As at 31 December 2021 and 1 January 2022	338,996	–	338,996
Granted during the year	–	19,024	19,024
Forfeited during the year	–	(252)	(252)
	<b>338,996</b>	<b>18,772</b>	<b>357,768</b>
As at 31 December 2022 and 1 January 2023	<b>338,996</b>	<b>18,772</b>	<b>357,768</b>
Forfeited during the year	<b>(51,782)</b>	<b>(376)</b>	<b>(52,158)</b>
	<b>287,214</b>	<b>18,396</b>	<b>305,610</b>
As at 31 December 2023	<b>287,214</b>	<b>18,396</b>	<b>305,610</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2023 RMB'000	2022 RMB'000
Percentage of equity interests held by non-controlling interests:		
– BatteroTech Shanghai	29%	29%
– REPT SAIC	49%	49%
Loss for the year allocated to non-controlling interests:		
– BatteroTech Shanghai	(382,523)	(96,343)
– REPT SAIC	(88,975)	(114)
– Guangdong REPT BATTERO	–	(245)
	<b>(471,498)</b>	(96,702)
Accumulated balances of non-controlling interests at the end of the reporting period:		
– BatteroTech Shanghai	(267,784)	114,739
– REPT SAIC	498,912	587,887
	<b>231,128</b>	702,626

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

### BatteroTech Shanghai:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	<b>4,352,809</b>	2,523,364
Total costs and expenses	<b>(5,671,853)</b>	(2,855,583)
Loss for the year	<b>(1,319,044)</b>	(332,219)
Total comprehensive loss for the year	<b>(1,319,044)</b>	(332,219)
Net cash flows generated from/(used in) operating activities	<b>(295,020)</b>	(354,797)
Net cash flows used in investing activities	<b>(562,648)</b>	(1,260,811)
Net cash flows generated from financing activities	<b>1,452,216</b>	2,331,368
Net increase in cash and cash equivalents	<b>594,548</b>	715,760
	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	<b>4,203,853</b>	3,405,572
Non-current assets	<b>5,509,366</b>	3,808,288
Current liabilities	<b>(7,040,994)</b>	(5,243,437)
Non-current liabilities	<b>(3,595,618)</b>	(1,574,771)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (Continued)

#### REPT SAIC:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	<b>817,603</b>	–
Total expense	<b>(999,185)</b>	(230)
Loss for the year	<b>(181,582)</b>	(230)
Total comprehensive loss for the year	<b>(181,582)</b>	(230)
Net cash flows used in operating activities	<b>(215,174)</b>	(236)
Net cash flows used in investing activities	<b>(2,207,898)</b>	(456,522)
Net cash flows generated from financing activities	<b>2,385,697</b>	660,000
Net (decrease)/increase in cash and cash equivalents	<b>(37,375)</b>	203,242
	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	<b>1,808,048</b>	702,720
Non-current assets	<b>3,829,477</b>	585,679
Current liabilities	<b>(2,995,750)</b>	(88,629)
Non-current liabilities	<b>(1,623,587)</b>	–

## 35. DISPOSAL OF A SUBSIDIARY

On 18 October 2023, the Group disposed of its 70% interest in Wenzhou Xinke to Zhejiang Jintai Electronics Co., Ltd. (“浙江錦泰電子有限公司”) for a cash consideration of RMB4,848,000. Consequently, the Group deconsolidated the subsidiary and accounted for the remaining 30% interest as an investment in an associate using equity method, and recognised a gain on disposal of a subsidiary of RMB6,359,000 in the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2023.

	18 October 2023 Carrying amount RMB'000
Net assets disposed of:	
Non-current assets	7,870
Current assets	3,476
Current liabilities	<u>(10,780)</u>
Subtotal	566
Gain on disposal of a subsidiary	<u>6,359</u>
Total consideration	<u>6,925</u>
Satisfied by:	
Cash	4,848
Investment in an associate	<u>2,077</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2023 RMB'000
Cash consideration	4,848
Cash and bank balances disposed of	<u>(203)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>4,645</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB13,077,000 (2022: RMB3,681,000) and RMB13,077,000 (2022: RMB3,681,000), respectively, in respect of lease arrangements for buildings.

#### (b) Changes in liabilities arising from financing activities

2023

	Due to related parties – borrowings RMB'000	Bank loans RMB'000	Lease liabilities RMB'000
At 1 January 2023	2,599	4,651,174	35,444
Changes from financing cash flows	(2,599)	4,721,569	(13,555)
Interest capitalised (note 7)	–	(37,047)	–
Additions of lease liabilities	–	–	13,077
Interest expense (note 7)	–	292,144	1,753
At 31 December 2023	–	9,627,840	36,719

2022

	Due to related parties – borrowings RMB'000	Bank loans RMB'000	Lease liabilities RMB'000
At 1 January 2022	2,576,484	578,576	41,585
Changes from financing cash flows	(2,653,697)	3,965,299	(11,636)
Interest capitalised (note 7)	–	(40,279)	–
Additions of lease liabilities	–	–	3,681
Interest expense (note 7)	79,812	147,578	1,814
At 31 December 2022	2,599	4,651,174	35,444

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

### (c) Total cash outflow for leases

	2023	2022
	RMB'000	RMB'000
Within operating activities	(5,286)	(3,797)
Within financing activities	(13,555)	(11,636)
Total	(18,841)	(15,433)

## 37. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2023	2022
	RMB'000	RMB'000
Purchase of items of property, plant and equipment	3,240,662	5,461,749

## 38. PLEDGE OF ASSETS

Details of the Group's financial assets at fair value through profit or loss and restricted time deposits pledged for issuance of the Group's bills payables to suppliers and a letter of guarantee are included in note 23 and note 24 to the financial statements.

Details of the Group's property, plant and equipment pledged for the Group's bank borrowings are included in note 13 and 28 to the financial statements.

Details of the Group's leasehold land pledged for the Group's bank borrowings are included in note 14 and 28 to the financial statements.

Details of the Group's bills receivable pledged for the Group's bank borrowings are included in note 20 and 28 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 39. RELATED PARTY TRANSACTIONS

### (a) Name and relationship

Name of related party	Relationship with the Company
Mr. Xiang Guangda	Ultimate shareholder of Tsingshan
Yongqing Technology	Controlling shareholder
Tsingshan Holding Group Co., Ltd.* 青山控股集團有限公司 (“Tsingshan”)	Controlling shareholder of Yongqing Technology
SAIC Motor Corporation Limited 上海汽車集團股份有限公司 (“SAIC Motor”)	Controlling company of the Company’s non-controlling interest holder
Irestal	Company controlled by Mr. Xiang Guangda
PT.Sunny Metal Industry	Company controlled by Mr. Xiang Guangda
Shanghai Ruipu Special Steel Co., Ltd.* 上海瑞浦特鋼有限公司 (“RuiPu Special Steel”)	Company controlled by Mr. Xiang Guangda
Shanghai Tsingshan Trading Co., Ltd.* 上海青山貿易有限公司 (“Tsingshan Trading”)	Company controlled by Mr. Xiang Guangda
Zhejiang Tsingshan Education Technology Co., Ltd.* 浙江青山教育科技有限公司 (“Tsingshan Education”)	Company controlled by Mr. Xiang Guangda
Zhejiang Tsingshan Enterprise Management Co., Ltd.* 浙江青山企業管理有限公司 (“Zhejiang Tsingshan Enterprise Management”)	Company controlled by Mr. Xiang Guangda
PT.GUANG CHING DE METAL ROLLING	Company controlled by Mr. Xiang Guangda
PT.Zhao Hui Nickel	Company controlled by Mr. Xiang Guangda
Wenzhou Longwan Jincheng Hotel (Limited Partnership)* 溫州市龍灣金城大酒店(有限合夥) (“Wenzhou Longwan”)	Associate of Mr. Xiang Guangda
Zhejiang Dinson Holding Co., Ltd.* 浙江鼎森控股有限公司 (“Zhejiang Dinson”)	Associate of Mr. Xiang Guangda
Tsingshan Stainless Steel Co., Ltd.* 青山不銹鋼有限公司 (“Tsingshan Stainless Steel”)	Company controlled by Tsingshan
Fujian Qingtuo Heavy Industry Co., Ltd.* 福建青拓重工有限公司 (“Qingtuo Heavy Industry”)	Company controlled by Tsingshan
Fujian Tsingtuo Equipment Manufacturing Co., Ltd.* 福建青拓設備製造有限公司 (“Tsingtuo Equipment”)	Company controlled by Tsingshan
FuanQingmei Energy Materials Co., Ltd.* 福安青美能源材料有限公司 (“FuanQingmei”)	Associate of Yongqing Technology
FOXESS Co., Ltd.* 麥田能源有限公司 (“FOXESS”)	Associate of Yongqing Technology

39. RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship (Continued)

Name of related party	Relationship with the Company
Zhejiang Qingmowan Energy Technology Co., Ltd.* 浙江青墨灣能源科技有限公司 (“Qingmowan”)	Associate of Yongqing Technology
Wuhu Yunyi New Material Technology Co., Ltd.* 安徽新永拓新材料有限公司 (Yunyi New Material)	Associate of Yongqing Technology
SAIC MAXUS Automobile Co., Ltd.* 上汽大通汽車有限公司 (“SAIC MAXUS Automobile”)	Company controlled by SAIC Motor
SAIC MAXUS Automotive RV Technology Co., Ltd.* 上汽大通房車科技有限公司 (“SAIC MAXUS Automotive RV”)	Company controlled by SAIC Motor
Nanjing Automobile (Group) Corporation 南京汽車集團有限公司 (“NAC”)	Company controlled by SAIC Motor
Liuzhou Saike Technology Development Co., Ltd.* 柳州賽克科技發展有限公司 (“Liuzhou SAIC”)	Company controlled by SAIC Motor
Shanghai New Power Automotive Technology Company Limited 上海新動力汽車科技股份有限公司 (“Shanghai New Power Automotive”)	Company controlled by SAIC Motor
Shanghai Advanced Traction Battery Systems Co., Ltd.* 上海捷新動力電池系統有限公司 (“Shanghai Advanced Traction”)	Company controlled by SAIC Motor
SAIC GM Wuling AUTOMOBILE Company Limited 上汽通用五菱汽車股份有限公司 (“SAIC GM Wuling”)	Company controlled by SAIC Motor
SAIC Motor Passenger Vehicle Company Zhengzhou Branch 上海汽車集團股份有限公司乘用車鄭州分公司 (“SAIC Motor Zhengzhou Branch”)	Company controlled by SAIC Motor
SAIC MAXUS Automobile Wuxi Branch 上汽大通汽車有限公司無錫分公司 (“SAIC MAXUS Automobile Wuxi Branch”)	Company controlled by SAIC Motor
SAIC MAXUS Automobile Nanjing Branch 上汽大通汽車有限公司南京分公司 (“SAIC MAXUS Automobile Nanjing Branch”)	Company controlled by SAIC Motor
Qingruida	Associate of REPT BATTERO
SAIC REPT	Associate of REPT BATTERO

\* The English names of these companies registered in the PRC represent the translated names of these companies as no English names have been registered.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 39. RELATED PARTY TRANSACTIONS (Continued)

(b) The Group had the following material related party transactions and outstanding balances during the year:

	Notes	2023 RMB'000	2022 RMB'000
Sales of goods to			
Yongqing Technology	(i)	<b>1,967,830</b>	762,310
SAIC GM Wuling	(i)	<b>1,134,837</b>	–
FOXESS	(i)	<b>211,987</b>	656,482
SAIC Motor Zhengzhou Branch	(i)	<b>104,679</b>	–
SAIC REPT*	(i)	<b>65,351</b>	484,086
PT.GUANG CHING DE METAL ROLLING	(i)	<b>35,512</b>	–
SAIC Motor	(i)	<b>26,050</b>	–
Qingtuo Heavy Industry	(i)	<b>11,568</b>	–
Shanghai New Power Automotive	(i)	<b>10,860</b>	–
SAIC MAXUS Automobile Wuxi Branch	(i)	<b>7,453</b>	–
SAIC MAXUS Automotive RV	(i)	<b>5,507</b>	–
Shanghai Advanced Traction	(i)	<b>1,459</b>	–
Zhejiang Tsingshan Enterprise Management	(i)	<b>618</b>	–
SAIC MAXUS Automobile Nanjing Branch	(i)	<b>456</b>	–
SAIC MAXUS Automobile	(i)	<b>387</b>	–
NAC	(i)	<b>321</b>	–
Liuzhou SAIC	(i)	<b>77</b>	–
PT.Zhao Hui Nickel	(i)	–	77,309
PT.Sunny Metal Industry	(i)	–	20,369
Qingmowan	(i)	–	484
<b>Total</b>		<b>3,584,952</b>	<b>2,001,040</b>
Purchases of products/services from			
SAIC REPT	(i)	<b>21,548</b>	–
Ruipu Special Steel	(i)	<b>2,430</b>	1,205
Liuzhou SAIC	(i)	<b>2,233</b>	–
Wenzhou Xinke	(i)	<b>1,927</b>	–
FuanQingmei	(i)	<b>1,541</b>	–
Tsingtuo Equipment	(i)	<b>1,122</b>	–
Tsingshan	(i)	<b>1,115</b>	61,048
Tsingshan Education	(i)	<b>294</b>	–
Qingruida	(i)	<b>167</b>	–
Yunyi New Material	(i)	<b>80</b>	–
Tsingshan Trading	(i)	<b>32</b>	14
Wenzhou Longwan	(i)	<b>13</b>	–
Irestal	(i)	–	1,367
FOXESS	(i)	–	30
<b>Total</b>		<b>32,502</b>	<b>63,664</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 39. RELATED PARTY TRANSACTIONS (Continued)

- (b) The Group had the following material related party transactions and outstanding balances during the year:  
(Continued)

	Notes	2023 RMB'000	2022 RMB'000
Rental expenses to related parties			
Irestal	(ii)	<b>8,743</b>	6,770
Ruipu Special Steel	(iii)	<b>931</b>	931
Total		<b>9,674</b>	7,701
Rental revenue from related parties			
Tsingshan Stainless Steel		<b>5,129</b>	1,490
Wenzhou Xinke		<b>93</b>	–
Total		<b>5,222</b>	1,490
Loans received from related parties			
Tsingshan		–	2,184,232
Repayment of loans from a related party			
Yongqing Technology		–	1,066,000
Tsingshan		–	3,684,232
Total		–	4,750,232

\* The amount represents the Group's sales of goods to SAIC REPT, not taking into account the influence of elimination of downstream transactions.

	2023 RMB'000	2022 RMB'000
Interest expenses to related parties		
Tsingshan	–	76,747
Yongqing Technology	–	3,065
Total	–	79,812

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 39. RELATED PARTY TRANSACTIONS (Continued)

### (c) Outstanding balances with related parties

	Notes	2023 RMB'000	2022 RMB'000
<b>Trade related:</b>			
Due from related parties			
SAIC GM Wuling	(iv)	549,218	–
Yongqing Technology	(iv)	393,973	651,271
Zhejiang Dinson	(iv)	180,000	–
SAIC Motor Zhengzhou Branch	(iv)	118,287	–
SAIC REPT	(iv)	72,476	460,976
PT.GUANG CHING DE METAL ROLLING	(iv)	25,460	–
FOXESS	(iv)	10,858	282,936
Wenzhou Xinke	(iv)	8,401	–
Qingtuo Heavy Industry	(iv)	7,056	–
SAIC MAXUS Automobile Wuxi Branch	(iv)	6,441	–
SAIC Motor	(iv)	4,953	–
SAIC MAXUS Automotive RV	(iv)	3,724	–
Irestal	(iv)	2,112	1,777
Shanghai Advanced Traction	(iv)	1,294	–
SAIC MAXUS Automobile NanJing Branch	(iv)	515	–
SAIC MAXUS Automobile	(iv)	438	–
NAC	(iv)	363	–
Shanghai New Power Automotive	(iv)	242	–
Tsingshan Stainless Steel	(iv)	161	–
Ruipu Special Steel	(iv)	110	209
Zhejiang Tsingshan Enterprise Management	(iv)	35	–
PT.Zhao Hui Nickel	(iv)	–	8,308
PT.Sunny Metal Industry	(iv)	–	2,293
		<b>1,386,117</b>	<b>1,407,770</b>
Total			

## 39. RELATED PARTY TRANSACTIONS (Continued)

### (c) Outstanding balances with related parties (Continued)

	Notes	2023 RMB'000	2022 RMB'000
<b>Trade related:</b>			
Due to related parties			
Tsingshan		51,252	49,854
SAIC REPT		23,929	–
Liuzhou SAIC		1,272	–
Tsingtuo Equipment		1,122	–
Wenzhou Xinke		1,072	–
FuanQingmei		413	–
Qingruida		167	–
Yunyi New Material		80	–
FOXESS		–	20,000
Total		<b>79,307</b>	69,854
<b>Non-trade related:</b>			
Due to related parties			
Qingruida	(v)	36,000	–
Yongqing Technology		–	2,599
SAIC REPT		–	44,930
Total		<b>36,000</b>	47,529

- (i) The prices are mutually agreed after taking the prevailing market prices into consideration.
- (ii) The Group has entered into lease agreements in respect of buildings from Irestal. The rental fees under the lease were RMB8,743,000 for the year ended 31 December 2023 (2022: RMB6,770,000). The Group recognised right-of-use assets of RMB14,994,000 (2022: RMB21,199,000) and lease liabilities of RMB17,211,000 (2022: RMB23,986,000) as at 31 December 2023. The transactions were made according to the prices and terms agreed with the related parties.
- (iii) The Group has entered into lease agreements in respect of buildings from Ruipu Special Steel. The rental fees under the lease were RMB931,000 for the year ended 31 December 2023 (2022: RMB931,000). The Group recognised right-of-use assets of RMB4,144,000 (2022: RMB5,159,000) and lease liabilities of RMB4,426,000 (2022: RMB5,409,000) as at 31 December 2023. The transactions were made according to the prices and terms agreed with the related parties.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 39. RELATED PARTY TRANSACTIONS *(Continued)*

### (c) Outstanding balances with related parties *(Continued)*

- (iv) Provision for impairment of amounts due from related parties is made based on an assessment of expected credit losses. As at 31 December 2023, the Group recorded an impairment losses of RMB 26,533,000 for the amounts due from related parties.
- (v) As at 31 December 2023, the balance of RMB36,000,000 represents the Group's equity investment payable to Qingruida. Pursuant to the articles of association, the payment will be made according to the actual production capacity progress of Qingruida and no later than the end of 2030.

### (d) Compensation of key management personnel of the Group:

	2023	2022
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,604	3,942
Performance related bonuses	7,700	6,660
Pension scheme contributions	339	484
Share incentive scheme expense	78,829	76,715
Total	90,472	87,801

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

Having due regard to the substance of the relationships, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed, and the Group has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

#### 40. TRANSFERS OF FINANCIAL ASSETS

##### Transferred financial assets that are not derecognised in their entirety

At 31 December 2023, the Group endorsed certain bills receivables accepted by banks in Chinese Mainland (the “**Endorsed Bills**”) with a carrying amount of RMB377,145,000 (2022: RMB602,889,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was as RMB1,235,694,000 at 31 December 2023 (2022: RMB980,673,000).

At 31 December 2023, the Group discounted certain bills receivables accepted by banks in Chinese Mainland (the “**Discounted Bills**”) with a carrying amount of RMB726,233,000 (2022: RMB50,000,000) (the “**Discounting**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated banking borrowings. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amount of the Discounted Bills during the year to which the banks have recourse was RMB869,368,000 as at 31 December 2023 (2022: RMB81,889,000).

##### Transferred financial assets that are derecognised in their entirety

At 31 December 2023, the Group endorsed certain bills receivables accepted by banks in Chinese Mainland to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB1,423,738,000 (2022: RMB4,246,010,000) and discounted certain bills receivable accepted by banks in Chinese Mainland (the “**Derecognised Bills**”) with a carrying amount of RMB2,323,129,000 (2022: Nil). The Derecognised Bills had a maturity of one to six months at the end of each 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 and the associated trade payables. The maximum exposure 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.

During the year ended 31 December 2023, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement and Discounting have been made evenly throughout the year.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

2023

### Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	366,286	3,442,671	3,808,957
Contract assets	–	–	154,449	154,449
Financial assets included in prepayments, other receivables and other assets	–	–	77,848	77,848
Financial assets at fair value through profit and loss	564,505	–	–	564,505
Equity investments designated at fair value through other comprehensive income	–	10,361	–	10,361
Due from related parties	–	–	1,206,117	1,206,117
Restricted cash	–	–	1,100,130	1,100,130
Cash and cash equivalents	–	–	8,379,470	8,379,470
Total	564,505	376,647	14,360,685	15,301,837

### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	149,910
Due to related parties	115,307
Trade and bills payables	7,252,393
Interest-bearing bank and other borrowings	9,627,840
Lease liabilities	36,719
Total	17,182,169

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2022

### Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	11,843	4,182,214	4,194,057
Contract assets	–	–	113,426	113,426
Financial assets included in prepayments, other receivables and other assets	–	–	319,627	319,627
Financial assets at fair value through profit and loss	17,186	–	–	17,186
Due from related parties	–	–	1,407,770	1,407,770
Restricted cash	–	–	1,843,528	1,843,528
Cash and cash equivalents	–	–	4,901,062	4,901,062
<b>Total</b>	<b>17,186</b>	<b>11,843</b>	<b>12,767,627</b>	<b>12,796,656</b>

### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	197,895
Due to related parties	117,383
Trade and bills payables	6,773,324
Interest-bearing bank and other borrowings	4,651,174
Lease liabilities	35,444
<b>Total</b>	<b>11,775,220</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, financial assets included in prepayments and other receivables, trade and bills receivables, contract assets, due from related parties, trade and bills payables, financial liabilities included in other payables and accruals, due to related parties and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2023 were assessed to be insignificant.

The fair values of unlisted equity investments and bills receivables designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values have been assessed to be approximate to their carrying amounts.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

#### Fair value hierarchy

Assets measured at fair value:

2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivables	–	366,286	–	366,286
Financial assets at fair value through profit or loss	–	564,505	–	564,505
Equity investments designated at fair value through other comprehensive income	–	–	10,361	10,361
<b>Total</b>	<b>–</b>	<b>930,791</b>	<b>10,361</b>	<b>941,152</b>

2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivables	–	11,843	–	11,843
Financial assets at fair value through profit or loss	–	17,186	–	17,186
<b>Total</b>	<b>–</b>	<b>29,029</b>	<b>–</b>	<b>29,029</b>

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 (2022: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the Board holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### Interest rate risk

The Group's exposure to the risk of changes in fair value relates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax through the impact on floating rate borrowings and the Group's equity.

	Increase/ (decrease) in basis points RMB'000	(Decrease)/ increase in loss after tax RMB'000	(Decrease)/ increase in equity RMB'000
<b>2023</b>			
RMB	100	(64,512)	(64,512)
RMB	(100)	64,512	64,512
<b>2022</b>			
RMB	100	(24,920)	(24,920)
RMB	(100)	24,920	24,920

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of each of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	(Decrease)/ increase in foreign exchange Rate (%)	(Decrease)/ increase in loss after tax RMB'000	(Decrease)/ increase in equity RMB'000
<b>2023</b>			
If RMB strengthens against US\$	(5)	(2,246)	(2,246)
If RMB weakens against US\$	5	2,246	2,246
If RMB strengthens against HKD	(5)	(95,194)	(95,194)
If RMB weakens against HKD	5	95,194	95,194
<b>2022</b>			
If RMB strengthens against US\$	(5)	(1,557)	(1,557)
If RMB weakens against US\$	5	1,557	1,557

### Credit risk

The Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. Concentrations of credit risk are managed by customer/counterparty and by industry sector.

### Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of the reporting period. The amounts presented are gross amounts for financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maximum exposure and year-end staging (Continued)

2023

	12 months ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	4,158,906	4,158,906
Contract assets*	–	–	–	160,366	160,366
Financial assets included in prepayments and other receivables and other assets	–	–	–	–	–
– Normal**	77,848	–	–	–	77,848
Due from related parties	2,222	–	–	1,203,895	1,206,117
Restricted cash	1,100,130	–	–	–	1,100,130
Cash and cash equivalents	8,379,470	–	–	–	8,379,470
<b>Total</b>	<b>9,559,670</b>	<b>–</b>	<b>–</b>	<b>5,523,167</b>	<b>15,082,837</b>

2022

	12 months ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	–	–	–	4,278,745	4,278,745
Contract assets*	–	–	–	113,426	113,426
Financial assets included in prepayments and other receivables and other assets	–	–	–	–	–
– Normal**	319,627	–	–	–	319,627
Due from related parties	1,887	–	–	1,405,883	1,407,770
Restricted cash	1,843,528	–	–	–	1,843,528
Cash and cash equivalents	4,901,062	–	–	–	4,901,062
<b>Total</b>	<b>7,065,164</b>	<b>–</b>	<b>–</b>	<b>5,798,054</b>	<b>12,864,158</b>

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### Maximum exposure and year-end staging *(Continued)*

- \* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 and note 22 to the financial statements.
- \*\* The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are respectively disclosed in notes 20 and 21 to the financial statements.

### 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 liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023				
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	13,657	25,555	–	39,212
Interest-bearing bank and other borrowings	–	2,750,972	6,271,283	1,676,990	10,699,245
Trade and bills payables	–	7,252,393	–	–	7,252,393
Financial liabilities included in other payables and accruals	–	149,910	–	–	149,910
Due to related parties	79,307	–	–	36,000	115,307
<b>Total</b>	<b>79,307</b>	<b>10,166,932</b>	<b>6,296,838</b>	<b>1,712,990</b>	<b>18,256,067</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk (Continued)

	As at 31 December 2022				Total RMB'000
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
Lease liabilities	–	11,070	27,838	–	38,908
Interest-bearing bank and other borrowings	–	659,434	3,058,489	1,714,306	5,432,229
Trade and bills payables	–	6,773,324	–	–	6,773,324
Financial liabilities included in other payables and accruals	–	197,895	–	–	197,895
Due to related parties	117,383	–	–	–	117,383
Total	117,383	7,641,723	3,086,327	1,714,306	12,559,739

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

## 44. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	<b>4,872,527</b>	4,758,579
Right-of-use assets	<b>233,930</b>	239,738
Other intangible assets	<b>18,577</b>	17,765
Investment in a joint venture	<b>173,240</b>	132,391
Investments in subsidiaries	<b>2,642,057</b>	1,667,845
Prepayments, other receivables and other assets	<b>15,798</b>	30,569
Equity investments designated at fair value through other comprehensive income	<b>10,361</b>	–
Due from related parties	<b>110</b>	110
Total non-current assets	<b>7,966,600</b>	6,846,997
CURRENT ASSETS		
Inventories	<b>1,658,140</b>	2,158,919
Trade and bills receivables	<b>2,402,723</b>	3,719,742
Contract assets	<b>113,072</b>	75,622
Prepayments, other receivables and other assets	<b>51,087</b>	239,067
Financial assets at fair value through profit or loss	<b>564,505</b>	17,186
Due from related parties	<b>3,340,071</b>	2,721,078
Restricted cash	<b>917,331</b>	1,146,022
Cash and cash equivalents	<b>6,861,294</b>	4,554,868
Total current assets	<b>15,908,223</b>	14,632,504

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

## 45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2023	2022
	RMB'000	RMB'000
CURRENT LIABILITIES		
Trade and bills payables	<b>4,218,349</b>	4,867,228
Other payables and accruals	<b>2,107,374</b>	1,416,363
Contract liabilities	<b>54,531</b>	137,504
Interest-bearing bank and other borrowings	<b>930,006</b>	463,437
Lease liabilities	<b>3,196</b>	1,990
Deferred government grants	<b>10,654</b>	10,365
Due to related parties	<b>292,951</b>	398,431
Provisions	<b>58,712</b>	42,719
Total current liabilities	<b>7,675,773</b>	7,338,037
NET CURRENT ASSETS	<b>8,232,450</b>	7,294,467
TOTAL ASSETS LESS CURRENT LIABILITIES	<b>16,199,050</b>	14,141,464
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	<b>2,541,625</b>	2,701,689
Lease liabilities	<b>6,372</b>	8,834
Deferred government grants	<b>530,776</b>	99,880
Due to related parties	<b>36,000</b>	–
Provisions	<b>316,678</b>	205,097
Total non-current liabilities	<b>3,431,451</b>	3,015,500
Net assets	<b>12,767,599</b>	11,125,964
EQUITY		
Share capital	<b>2,276,874</b>	2,160,804
Reserves	<b>10,490,725</b>	8,965,160
Total equity	<b>12,767,599</b>	11,125,964

**45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY** *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share incentive reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	1,402,016	42,608	–	(732,304)	712,320
Loss for the year	–	–	–	(123,685)	(123,685)
Total comprehensive loss for the year	–	–	–	(123,685)	(123,685)
Contribution from shareholders	8,243,390	–	–	–	8,243,390
Acquisition of non-controlling interests	(502)	–	–	–	(502)
Conversion of into a joint stock company	(736,366)	–	–	736,366	–
Share incentive scheme expense	–	133,637	–	–	133,637
At 31 December 2022 and at 1 January 2023	<b>8,908,538</b>	<b>176,245</b>	–	<b>(119,623)</b>	<b>8,965,160</b>
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	361	–	361
Loss for the year	–	–	–	(392,548)	(392,548)
Total comprehensive loss for the year	–	–	361	(392,548)	(392,187)
Issue of shares	1,815,148	–	–	–	1,815,148
Share issue expenses	(45,388)	–	–	–	(45,388)
Share incentive scheme expense	–	147,992	–	–	147,992
At 31 December 2023	<b>10,678,298</b>	<b>324,237</b>	<b>361</b>	<b>(512,171)</b>	<b>10,490,725</b>

**46. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 26 March 2024.

## DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM” or “Annual General Meeting”	the annual general meeting of the Company, which will be held on 20 June 2024
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“BatteroTech Jiashan”	BatteroTech Co., Ltd (蘭鈞新能源科技有限公司), a limited liability company established under the laws of the PRC on 9 December 2020, which is a subsidiary of BatteroTech Shanghai
“BatteroTech Jiaxing”	Jiaxing BatteroTech Corporation Limited (嘉興蘭鈞科技有限公司), a limited liability company established under the laws of the PRC on 11 April 2023, which is a subsidiary of BatteroTech Jiashan
“BatteroTech Shanghai”	BatteroTech Corporation Limited (上海蘭鈞新能源科技有限公司), a limited liability company established under the laws of the PRC on 23 July 2020, which is a subsidiary of the Company
“BatteroTech Wuhan”	Wuhan BatteroTech Corporation Limited (武漢蘭鈞新能源科技有限公司), a limited liability company established under the laws of the PRC on 20 August 2019, which is a subsidiary of BatteroTech Shanghai
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules in force during the Reporting Period
“China” or “PRC”	the People’s Republic of China, and for the purposes of this annual report for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
“Chongqing REPT BATTERO”	Chongqing REPT BATTERO Energy Co., Ltd. (重慶瑞浦蘭鈞能源有限公司), a limited liability company established under the laws of the PRC on 1 March 2023, which is a subsidiary of the Company

## DEFINITIONS

“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the 7th Meeting of the Standing Committee of the 14th National People’s Congress of the PRC on 29 December 2023, which will come into force on 1 July 2024, as amended, supplemented or otherwise modified from time to time
“Company” or “REPT BATTERO”	REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司), a limited liability company established in the PRC in October 2017, whose Shares are listed on the main board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed under the Listing Rules and in this annual report, refers to Mr. Xiang, Zhejiang Tsingshan, Shanghai Decent, Tsingshan Group, Yongqing Technology, Ruitu Energy and Wenzhou Jingli
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of the Company
“Domestic Unlisted Share(s)”	ordinary Share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which is/are not listed on any stock exchange
“ESG Committee” or “Environmental, Social and Governance Committee”	the environmental, social and governance (ESG) committee of the Board
“Global Offering”	the offer of the Shares for subscription as described in the section headed “Structure of the Global Offering” in the Prospectus
“Group” or “we” or “our” or “us”	the Company and its subsidiaries
“Guangdong REPT BATTERO”	Guangdong REPT BATTERO Energy Co., Ltd. (廣東瑞浦蘭鈞能源有限公司), a limited liability company established under the laws of the PRC on 27 July 2021, which is a subsidiary of the Company
“H Share(s)”	overseas listed foreign Share(s) with a nominal value of RMB1.00 each in the share capital of the Company
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency for Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“IFRS(s)”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
“independent third party(ies)”	any entities or persons who are not connected persons (as defined in the Listing Rules) of the Company as far as the Directors are aware after having made all reasonable enquiries
“Latest Practicable Date”	16 April 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
“Listing”	the listing of the Shares on the main board of the Stock Exchange
“Listing Date”	18 December 2023, the date on which dealings in H Shares first commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Mr. Xiang”	Mr. Xiang Guangda (項光達), a Controlling Shareholder of the Company
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated 8 December 2023
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year commencing from 1 January 2023 and ending on 31 December 2023
“REPT Qingchuang”	Shanghai REPT Qingchuang New Energy Co., Ltd. (上海瑞浦青創新能源有限公司), a limited liability company established under the laws of the PRC on 2 January 2018, which is a subsidiary of the Company

## DEFINITIONS

“REPT SAIC”	REPT SAIC EV Battery Co., Ltd. (瑞浦賽克動力電池有限公司), a limited liability company established under the laws of the PRC on 15 April 2022, which is a subsidiary of the Company
“Ruitu Energy”	Ruitu Energy Co., Ltd. (瑞途能源有限公司), a limited liability company established under the laws of the PRC on 27 August 2019, which is a subsidiary of Yongqing Technology as of the Latest Practicable Date and is a Controlling Shareholder of the Company
“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
“Shanghai Decent”	Shanghai Decent Investment (Group) Co., Ltd. (上海鼎信投資(集團)有限公司), a limited liability company established under the laws of the PRC on 1 February 2007, which is an associate of Mr. Xiang and is a Controlling Shareholder of the Company
“Share(s)”	ordinary Share(s) of the Company with a nominal value of RMB1.00 each, comprising H Share(s) and Domestic Unlisted Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Subsidiary(ies)”	has the meaning ascribed to it in Schedule 1 of the Companies Ordinance (Chapter 622 of the law of Hong Kong)
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Tsingshan Group”	Tsingshan Holding Group Company Limited (青山控股集團有限公司), a limited liability company established under the laws of the PRC on 12 June 2003, which is a Controlling Shareholder of the Company
“United States” or “U.S.”	the United States of America and its territories
“US\$” or “USD”	the lawful currency of the United States



## DEFINITIONS

“Wenzhou Jingli”	Wenzhou Jingli Business Service Partnership (Limited Partnership) (溫州景鋰商務服務合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 21 July 2021, which is an employee shareholding platform of the Company and is a Controlling Shareholder of the Company
“Wenzhou Ruili”	Wenzhou Ruili Enterprise Development Partnership (Limited Partnership) (溫州瑞鋰企業發展合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 5 August 2021, which is an employee shareholding platform of the Company
“Yongqing Technology”	Yongqing Technology Group Co., Ltd. (永青科技集團有限公司), a limited liability company established under the laws of the PRC on 24 January 2018, which is a Controlling Shareholder of the Company and a non-wholly-owned subsidiary of Tsingshan Group
“Zhejiang Ruixu”	Zhejiang Ruixu Technology Co., Ltd. (浙江瑞旭科技有限公司), a limited liability company established under the laws of the PRC on 6 December 2019, which is a subsidiary of the Company
“Zhejiang Ruiyuan”	Zhejiang Ruiyuan Technology Co., Ltd. (浙江瑞園科技有限公司), a limited liability company established under the laws of the PRC on 6 June 2022, which is a subsidiary of the Company
“Zhejiang Tsingshan”	Zhejiang Tsingshan Enterprise Management Co., Ltd. (浙江青山企業管理有限公司), a limited liability company established under the laws of the PRC on 17 April 2007, which is controlled by Mr. Xiang as to 80% of its equity interests as of the Latest Practicable Date and is a Controlling Shareholder of the Company
“%”	per cent.

*In this annual report, the terms “close associate”, “connected person”, “connected transaction”, “continuing connected transaction” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*