REPT BATTERO 瑞浦兰钧

# REPT BATTERO Energy Co., Ltd.
# 瑞浦蘭鈞能源股份有限公司

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

**(Stock Code: 0666)**

## ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

### FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023:

- The Group's revenue was RMB13,748.9 million, representing a decrease of 6.1% as compared with last year.
- The Group's gross profit was RMB293.3 million, representing a decrease of 73.0% as compared with last year.
- The Group's loss for the year was RMB1,943.3 million, representing an increase of 331.1% as compared with last year.
- Basic and diluted loss per share for the year of the Company amounted to RMB0.68 (2022: loss of RMB0.20).

The board of directors (the "**Board**") of REPT BATTERO Energy Co., Ltd. (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**", "**We**" or "**REPT BATTERO**") for the year ended 31 December 2023, together with the comparative amounts and explanatory notes.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2023*

| | *Notes* | **2023** *RMB'000* | 2022 *RMB'000* |
|---|---|---|---|
| **REVENUE** | *4* | **13,748,914** | 14,647,778 |
| Cost of sales | | **(13,455,565)** | (13,559,490) |
| Gross profit | | **293,349** | 1,088,288 |
| Other income and gains | *4* | **265,555** | 167,818 |
| Selling and distribution expenses | | **(379,033)** | (320,795) |
| Administrative expenses | | **(564,832)** | (346,787) |
| Research and development costs | | **(991,311)** | (767,685) |
| Impairment losses on financial and contract assets, net | | **(297,711)** | (81,050) |
| Other expenses | | **(8,388)** | (75) |
| Finance costs | *6* | **(256,850)** | (188,925) |
| Share of profits and losses of: | | | |
| Joint ventures | | **(1,047)** | (1,587) |
| An associate | | **(595)** | – |
| **LOSS BEFORE TAX** | *5* | **(1,940,863)** | (450,798) |
| Income tax expense | *7* | **(2,437)** | (25) |
| **LOSS FOR THE YEAR** | | **(1,943,300)** | (450,823) |
| Attributable to: | | | |
| Owners of the parent | | **(1,471,802)** | (354,121) |
| Non-controlling interests | | **(471,498)** | (96,702) |
| | | **(1,943,300)** | (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** | | **(1,942,948)** | (450,823) |
| Attributable to: | | | |
| Owners of the parent | | **(1,471,450)** | (354,121) |
| Non-controlling interests | | **(471,498)** | (96,702) |
| | | **(1,942,948)** | (450,823) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic and diluted | | | |
| – For loss for the year *(RMB)* | 9 | **(0.68)** | (0.20) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2023*

| | *Notes* | **2023** *RMB'000* | 2022 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **15,293,043** | 8,743,370 |
| Right-of-use assets | | **957,893** | 489,054 |
| Other intangible assets | | **41,379** | 28,777 |
| Investments in joint ventures | | **173,240** | 132,391 |
| Investment in an associate | | **1,482** | – |
| Prepayments, other receivables and other assets | | **232,779** | 607,225 |
| Equity investments designated at fair value through other comprehensive income | | **10,361** | – |
| Due from related parties | | **2,222** | 1,887 |
| Total non-current assets | | **16,712,399** | 10,002,704 |
| **CURRENT ASSETS** | | | |
| Inventories | | **3,181,177** | 3,245,649 |
| Trade and bills receivables | *10* | **3,808,957** | 4,194,057 |
| Contract assets | | **154,449** | 113,426 |
| Prepayments, other receivables and other assets | | **735,800** | 717,908 |
| Financial assets at fair value through profit or loss | | **564,505** | 17,186 |
| Due from related parties | | **1,383,895** | 1,405,883 |
| Restricted cash | | **1,100,130** | 1,843,528 |
| Cash and cash equivalents | | **8,379,470** | 4,901,062 |
| Total current assets | | **19,308,383** | 16,438,699 |

| | Notes | 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | *11* | **7,252,393** | 6,773,324 |
| Other payables and accruals | | **4,835,893** | 2,787,628 |
| Contract liabilities | | **127,330** | 184,408 |
| Interest-bearing bank and other borrowings | | **2,590,930** | 465,209 |
| Lease liabilities | | **13,137** | 9,616 |
| Deferred government grants | | **73,851** | 13,355 |
| Due to related parties | | **79,307** | 117,383 |
| Tax payable | | **–** | 25 |
| Provisions | | **72,206** | 48,534 |
| Total current liabilities | | **15,045,047** | 10,399,482 |
| **NET CURRENT ASSETS** | | **4,263,336** | 6,039,217 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **20,975,735** | 16,041,921 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank and other borrowings | | **7,036,910** | 4,185,965 |
| Lease liabilities | | **23,582** | 25,828 |
| Deferred government grants | | **1,965,098** | 155,012 |
| Provisions | | **371,698** | 223,543 |
| Due to related parties | | **36,000** | – |
| Total non-current liabilities | | **9,433,288** | 4,590,348 |
| Net assets | | **11,542,447** | 11,451,573 |
| **EQUITY** | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | **2,276,874** | 2,160,804 |
| Reserves | | **9,034,445** | 8,588,143 |
| | | **11,311,319** | 10,748,947 |
| Non-controlling interests | | **231,128** | 702,626 |
| Total equity | | **11,542,447** | 11,451,573 |

## NOTES:

### 1. CORPORATE AND GROUP INFORMATION

REPT BATTERO Energy Co., Ltd. (the "**Company**") was a limited liability company incorporated 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, manufacturing 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 Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| 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 |
| 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 |

| Name | Place and date of incorporation | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| 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 |
| 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

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 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.

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

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 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.

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.

## 3. 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. 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** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Chinese Mainland (i) | **12,698,141** | 14,480,096 |
| Other countries/regions | **1,050,773** | 167,682 |
| Total revenue | **13,748,914** | 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** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Chinese Mainland | **16,704,404** | 10,002,704 |
| Other countries/regions | **7,995** | – |
| Total non-current assets | **16,712,399** | 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.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

**Revenue from contracts with customers**

***(i) Disaggregated revenue information***

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

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

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** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Sales of goods | **184,408** | 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.

**Other income and gains**

An analysis of other income and gains is as follows:

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

## 5. LOSS BEFORE TAX

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

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

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

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

## 7. 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 High and New Technology Enterprises 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 for every three years.

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

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

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

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

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Tax losses | **2,512,138** | 1,636,569 |
| Temporary difference | **2,974,678** | 1,040,615 |
| Total | **5,486,816** | 2,677,184 |

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

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

## 8. DIVIDENDS

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

## 9. 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 calculations of basic and diluted loss per share is based on:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Loss** | | |
| Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation | **(1,471,802)** | (354,121) |

| | **Number of shares** | |
|---|---|---|
| | **2023** | 2022 |
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation | **2,165,255,858** | 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.

## 10. TRADE AND BILLS RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **2,587,256** | 3,614,199 |
| Bills receivable | **1,571,650** | 664,546 |
| Impairment | **(349,949)** | (84,688) |
| Net carrying amount | **3,808,957** | 4,194,057 |
| Denominated in RMB | **3,769,765** | 4,188,022 |
| Denominated in USD | **35,718** | – |
| Denominated in EUR | **3,474** | 6,035 |
| Total | **3,808,957** | 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 acceptance that all aged within six months and were neither past due nor impaired.

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

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

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **84,688** | 3,638 |
| Impairment losses, net | **265,261** | 81,050 |
| At end of year | **349,949** | 84,688 |

The Group applies the simplified approach in calculating expected credit losses 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.

## 11. 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 | **7,251,201** | 6,772,880 |
| 1 to 2 years | **1,192** | 444 |
| Total | **7,252,393** | 6,773,324 |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

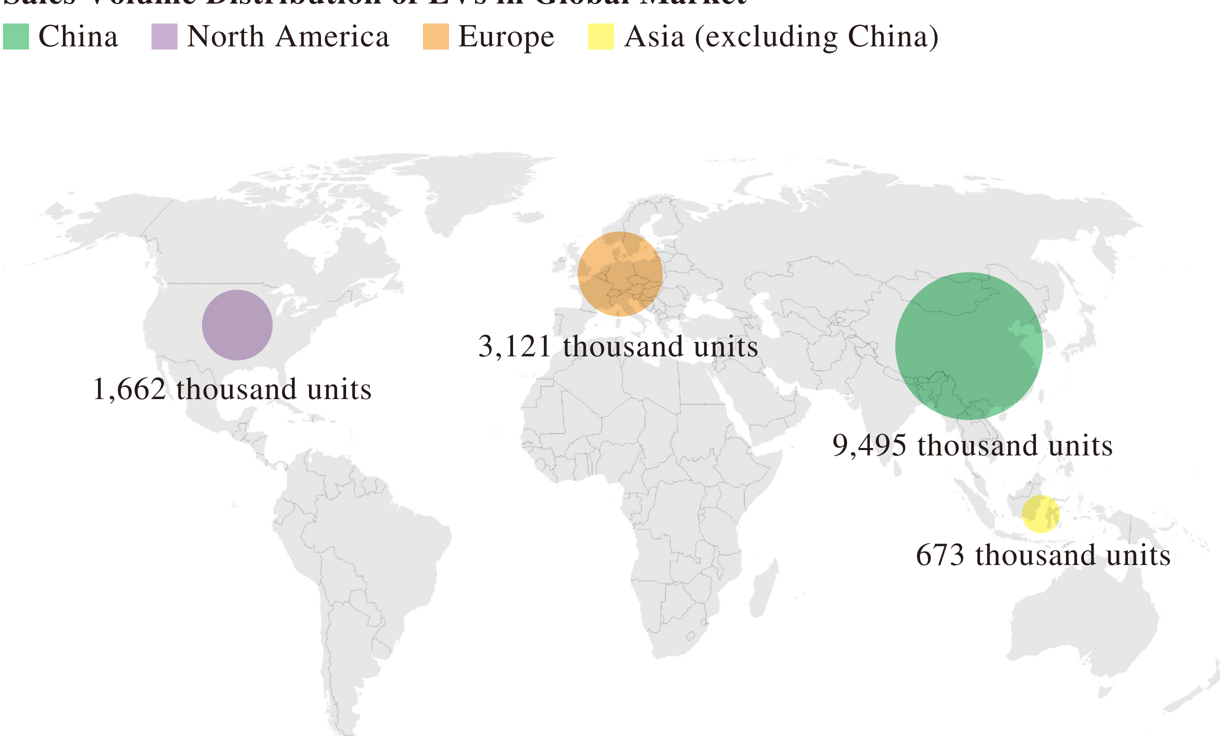
## INDUSTRY OVERVIEW

### *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.

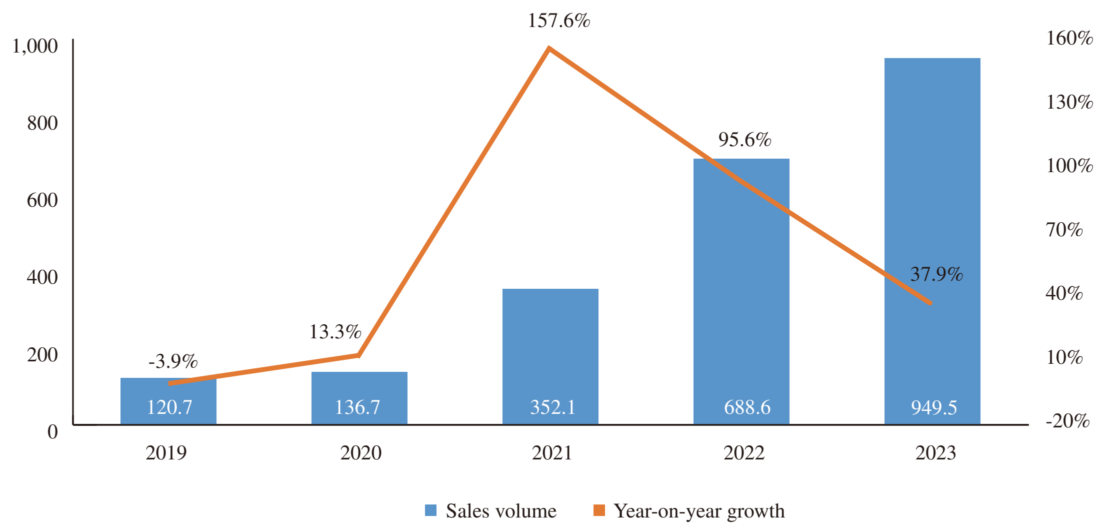
**Sales Volume Distribution of EVs in Global Market**




*Source: SNE Research/China Association of Automobile Manufacturers*

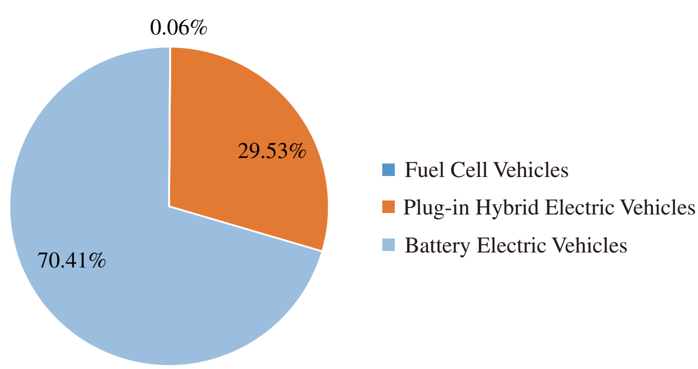
In terms of China market, according to China Association of Automobile Manufacturers, a total of 9,495 thousand units of EVs were sold in 2023, representing a year-on-year increase of 37.9%. Despite a slight decline in growth rate, China has consistently maintained its position as the largest EV market 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*

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, 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.

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), DFPV (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 Vremt (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" ("五大六小、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.

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.

- 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.

- 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.

- 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.

## 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)* | | | | |
| **Revenue** | **13,748,914** | **100.0%** | 14,647,778 | 100.0% | (6.1)% |
| Cost of sales | **(13,455,565)** | **(97.9)%** | (13,559,490) | (92.6)% | (0.8)% |
| **Gross profit** | **293,349** | **2.1%** | 1,088,288 | 7.4% | (73.0)% |
| Other income and gains | **265,555** | **1.9%** | 167,818 | 1.1% | 58.2% |
| Selling and distribution expenses | **(379,033)** | **(2.8)%** | (320,795) | (2.2)% | 18.2% |
| Administrative expenses | **(564,832)** | **(4.1)%** | (346,787) | (2.4)% | 62.9% |
| Research and development expenses | **(991,311)** | **(7.2)%** | (767,685) | (5.2)% | 29.1% |
| Impairment losses on financial and contract assets, net | **(297,711)** | **(2.2)%** | (81,050) | (0.6)% | 267.3% |
| Other expenses | **(8,388)** | **(0.1)%** | (75) | 0.0% | 11,084.0% |
| Finance costs | **(256,850)** | **(1.9)%** | (188,925) | (1.3)% | 36.0% |
| Share of profits and losses of: | | | | | |
| Joint ventures | **(1,047)** | **0.0%** | (1,587) | 0.0% | (34.0)% |
| An associate | **(595)** | **0.0%** | – | – | – |
| **Loss before tax** | **(1,940,863)** | **(14.1)%** | (450,798) | (3.1)% | 330.5% |
| Income tax expenses | **(2,437)** | **0.0%** | (25) | 0.0% | 9,648.0% |
| **Loss for the year** | **(1,943,300)** | **(14.1)%** | (450,823) | (3.1)% | 331.1% |

| | Year Ended 31 December | | | | Year-on-Year Change |
|---|---|---|---|---|---|
| | **2023** | | 2022 | | |
| | *(in RMB thousands, except for percentages)* | | | | |
| Attributable to: | | | | | |
| Owners of the parent | **(1,471,802)** | **(10.7)%** | (354,121) | (2.4)% | 315.5% |
| Non-controlling interests | **(471,498)** | **(3.4)%** | (96,702) | (0.7)% | 387.6% |
| | **(1,943,300)** | **(14.1)%** | (450,823) | (3.1)% | 331.1% |
| **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)** | **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%** | – | – | – |
| **Total comprehensive loss for the year** | **(1,942,948)** | **(14.1)%** | (450,823) | (3.1)% | 331.0% |
| Attributable to: | | | | | |
| Owners of the parent | **(1,471,450)** | **(10.7)%** | (354,121) | (2.4)% | 315.5% |
| Non-controlling interests | **(471,498)** | **(3.4)%** | (96,702) | (0.7)% | 387.6% |
| | **(1,942,948)** | **(14.1)%** | (450,823) | (3.1)% | 331.0% |
| **Loss per share attributable to ordinary equity holders of the parent** | | | | | |
| Basic and diluted | | | | | |
| – For loss for the year *(RMB)* | **(0.68)** | | (0.20) | | 240.0% |

### *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 | **4,307,114** | **31.3%** | 4,642,801 | 31.7% | (7.2)% |
| ESS battery products | **6,984,971** | **50.8%** | 8,400,597 | 57.4% | (16.9)% |
| Other businesses | | | | | |
| Sales of wastes | **411,564** | **3.0%** | 796,789 | 5.4% | (48.3)% |
| R&D services | **32,925** | **0.2%** | 22,308 | 0.2% | 47.6% |
| Others | **2,012,340** | **14.6%** | 785,283 | 5.3% | 156.3% |
| **Subtotal** | **2,456,829** | **17.9%** | 1,604,380 | 10.9% | 53.1% |
| **Total** | **13,748,914** | **100.0%** | 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.

*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 | **(135,041)** | **(3.1)%** | 146,207 | 3.1% | (192.4)% |
| ESS battery products | **324,911** | **4.7%** | 731,441 | 8.7% | (55.6)% |
| Other businesses | **103,479** | **4.2%** | 210,640 | 13.1% | (50.9)% |
| **Total** | **293,349** | **2.1%** | 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 batteries 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.

***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.

## 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 announcement.

## 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.

## 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 was 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 announcement.

## OTHER INFORMATION

## 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 "**Shareholders**"). The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange 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 18 December 2023 (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 (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 announcement.

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

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 announcement, 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.

## 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 | Actual net amount utilized as at 31 December 2023 | Unutilized net amount as at 31 December 2023 | Expected timeline for the balance of net proceeds raised |
|---|---|---|---|---|---|
| | % | *(in HK$ millions)* | *(in HK$ millions)* | *(in HK$ millions)* | |
| 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 |
| **Total** | 100.0% | 2,013.1 | – | 2,013.1 | |

## AUDIT COMMITTEE

The Company has established an audit committee (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 combined 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.

## 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 annual general meeting (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 of the Company 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.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEXnews website of the Hong Kong Exchanges and Clearing Limited at **www.hkexnews.hk** and on the website of the Company at **www.chinarept.com**. The 2023 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course (if applicable) and will be published on the websites of the Company and the HKEXnews.

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

Hong Kong, 26 March 2024

*Directors of the Company as of the date of this announcement are: Dr. Cao Hui, Dr. Wu Yanjun and Ms. Huang Jiehua as executive directors, Mr. Hu Xiaodong, Mr. Wang Haijun, Ms. Xiang Yangyang, Mr. Wei Yong and Mr. Yu Xinhua as non-executive directors, and Ms. Wong Sze Wing, Dr. Wang Zhenbo, Dr. Ren Shenggang and Dr. Simon Chen as independent non-executive directors.*