中創新航科技集團股份有限公司

CALB Group Co., Ltd.

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

Stock Code: 3931

The Group has established a comprehensive energy operation system,
providing comprehensive product solutions and life-cycle management
for the new energy full-scenario application market represented by power and energy storage industries.

2022 ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Zhou Sheng
Mr. Zhang Guoqing
Mr. Li Yunxiang

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

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

AUDITOR

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

HEAD OFFICE AND PRINCIPAL PLACE IN THE PRC

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Changzhou City
Jiangsu Province
PRC

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No. 248 Queen's Road East, Wanchai
Hong Kong

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

COMPLIANCE ADVISOR

Maxa Capital Limited
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Harbour Center
25 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKS

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Guangzhou City
Guangdong Province
PRC

China Minsheng Banking Corp., Ltd., Jintan Sub-branch

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Changzhou City
Jiangsu Province
PRC

Industrial Bank Co., Ltd., Jintan Sub-branch

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Changzhou City
Jiangsu Province
PRC

STOCK CODE

3931

COMPANY WEBSITE

http://www.calb-tech.com

Chairwoman's Statement

Dear shareholders:

On behalf of the board of directors of CALB Group Co., Ltd., I hereby present to the shareholders the annual report of the Group for the year ended 31 December 2022.

Leapfrog development in 2022

CALB rose to the challenges and seized the opportunities to open a new chapter in 2022. It successfully landed in the international capital market by having its shares listed on the Hong Kong Stock Exchange and has reached a higher level in market expansion, capacity scale, brand influence, industrial ecology guidance and other aspects. While continuously improving our operating results significantly, we attach great importance to ESG management and has integrated ESG management into the Company's development strategy, so as to achieve sustainable development.

With a focus on "innovation", we continued to explore and innovate and improved the road map of industrial chain, successfully winning the customers' high recognition with our excellent abilities and sincerity.

We have always adhered to the strategy of leading products and technologies, and carried out research and development plannings for the future by promoting the continuous progress of battery technology from multiple dimensions such as material system innovation, system structure innovation, intelligent manufacturing innovation and ecological development innovation, leading the development of the industry to a new height. A number of technologies and products of the Company are world-leading, world-wide First and global original, and the Company has built hard-core product capabilities in all scenarios, which has been well received by customers, winning the Excellent Supplier Award of GAC AION for three consecutive years, the New Energy Contribution Award and the Excellent Supplier Award of Changan Auto for five consecutive years, and the Gold Award for Quality of Xiaopeng Motors.

In 2022, the Company recorded an exponential growth in product sales and opened industrial bases in Europe, opening a new chapter in its process of internationalization and contributing to global green and low-carbon development. We continued with our efforts to carry out carbon management in an efficient manner, set carbon emission reduction targets, striving to promote carbon reduction across the supply chain while building our own long-term energy saving and emission reduction mechanism; we proactively identified and actively responded to the risks and opportunities brought about by climate change, and formulated specific measures to address climate risks.

We always believe that realizing the employees' personal value is an internal driving force for the Company's sustainable and healthy development. We respect and cultivate the employees, provide aspiring and competent employees with a platform for development, empower the employees to grow quickly, improve their personal abilities during work and realize their personal value. We constantly care about the employees to further enhance their sense of belonging and happiness.

We actively fulfill the social responsibility as a sizeable enterprise, care about the growth of teenagers and future of the nation, constantly cultivating high-quality talents for the new energy industry, participating in earthquake relief and public charity and advance the joint construction of communities and being dedicated to making new contributions to the local high-quality development.

Innovation and development in 2023

We insist on leading the development with innovation: innovation, first of all, is the innovation of thinking logic, standing on a higher cognition dimension, and driving management innovation, technological innovation and product innovation with thinking innovation. From a management perspective, the Company will respond to changes in market demands through continuous process and organizational reforms. We have built a liquid organization within the Company, focusing on how to better serve the market and achieve customer success. We collaborated efficiently and eliminated all non-value-added processes, achieving 1+1>2. Secondly, innovation refers to technological innovation and product innovation, which solves customers' pain points and creates market demand. Innovation is for higher quality development. We always stand at the height of human energy security and sustainable development, and work with ecological partners to create win-win results and achieve great achievements.

In 2023, we will be the first in the world to launch a new product – "Top-flow" Cylindrical Battery. This product is another innovation based on CALB's minimalist design of One-Stop (referred to as "OS"), which is developed through self-developed structural innovation and chemical system innovation, the industry's first top-flow structure is adopted, which significantly improves the battery performance compared with the traditional cylinder battery.

In 2023, CALB will accelerate the implementation of the internationalization strategy and the "dual-driven strategy of power and energy storage" in light of the new landscape for new energy industry, continuing to make efforts in technology and product innovation, customer development, service upgrades, production capacity support and sustainable development to provide strong support for the Company's sustained and rapid development.

In 2023, CALB will continue to adhere to the mission and vision of "beyond commerce, bettering mankind, creating a win-win situation and achieving greatness", join hands with the stakeholders to spare no efforts to realize the "Dual Carbon" goal and create a harmonious, sustainable green energy ecosystem and a better future for the mankind!

Appreciation

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

Chairwoman
Liu Jingyu

Changzhou, the PRC, 28 April 2023

Management Discussion and Analysis

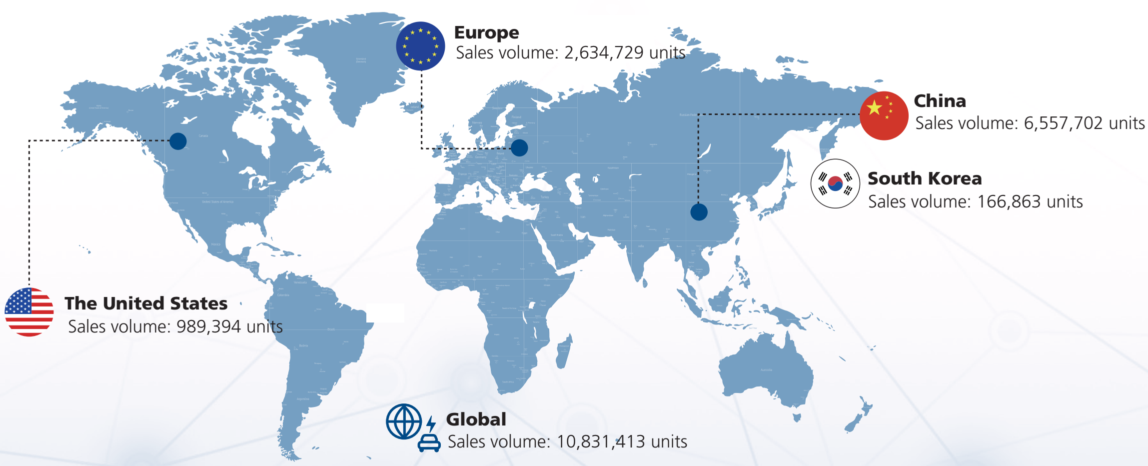
I. The Industry which the Company Operates in

1. EV battery market

In recent years, with the issues of global ecological environment and climate warming becoming increasingly pressing, governments around the world are set to accelerate the transformation of energy structure towards clean energy, declaring carbon emission reduction targets one after another. According to Net Zero Tracker, over 130 countries have declared carbon neutrality targets. EV battery is one of the important carriers of green and clean energy, becoming increasingly important in the wake of the general trend of carbon emission reduction.

According to SNE Research, the global sales volume of new energy vehicles reached 10.831 million units in 2022, representing a year-on-year increase of 61.6%. Driven by the "Infrastructure Plan" issued by the government for the proposed investment of US$174.0 billion to bolster up the development of the electric vehicle market in the United States as well as various supportive policies, the sales volume of new energy vehicles in the United States reached approximately 0.989 million units, representing a year-on-year increase of 55%; with European Union and the United Kingdom being fairly determined to fully switch to electrification, coupled with the incentives of subsidies for procurement of new energy vehicles by the European governments, the sales volume in Europe reached 2.635 million units in 2022, representing a year-on-year increase of 11%.

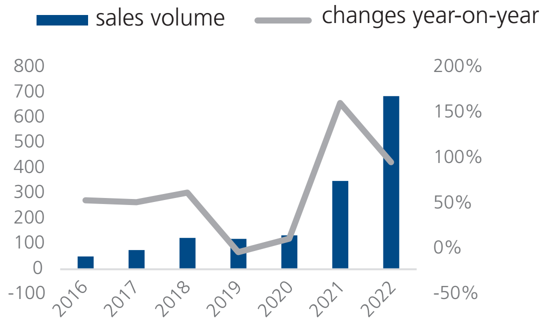
Distribution of Sales Volume of New Energy Vehicles in 2022



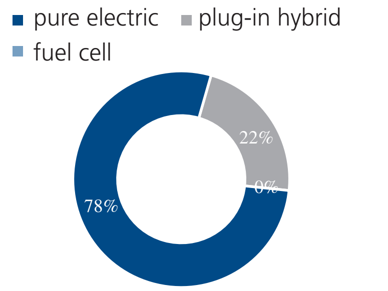
Source: SNE Research

In 2022, China's automobile industry delivered a high growth, with its market share of global new energy vehicle market exceeding 60%, making it the world's largest new energy vehicle market. The penetration rate of new energy vehicles in China is at the stage of accelerated rise in the "S-shaped" curve. According to the China Association of Automobile Manufacturers, the production volume and sales volume of new energy vehicles in China were 7.058 million and 6.887 million units, respectively, in 2022, representing a year-on-year increase of 96.9% and 93.4%, respectively; the electrification rate was 25.6%, representing an increase of 12.2 percentage points as compared with last year. In 2022, the sales volume of pure electric vehicles was 5.365 million units, representing a year-on-year increase of 81.6%; the sales volume of plug-in hybrid electric vehicles was 1.518 million units, representing a year-on-year increase of 150%.

Annual sales volume of new energy vehicles and changes year-on-year (ten thousand units/%)

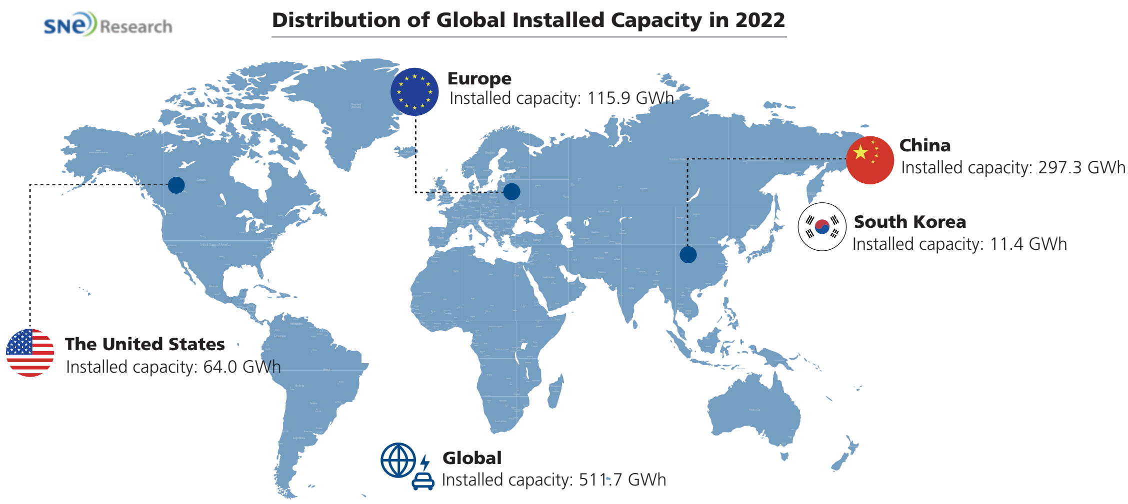


Distribution of sales volume of different power types in 2022 (%)



Source: China Association of Automobile Manufacturers

Driven by the swift growth of the new energy automobile industry, the demand for EV batteries has experienced a rapid upsurge. According to SNE Research, the global installed capacity of EV batteries for new energy vehicles reached 511.7GWh in 2022, representing a year-on-year increase of 71.8%. Among them, the total installed capacity in the Chinese market was 297.3GWh, representing a year-on-year increase of 99.6% and accounting for 58%; the installed capacity in the European market was 115.9GWh, representing a year-on-year increase of 28% and accounting for 23%; the total installed capacity in the U.S. market was 64GWh, representing a year-on-year increase of 61% and accounting for 12.5%; and the total installed capacity in the South Korean market was 11.4GWh, representing a year-on-year increase of 63% and accounting for 2.2%. The EV battery market continued to see good momentum in business development.



Source: SNE Research

2. Energy storage market

In recent years, the installed capacity of clean energy represented by wind power and photovoltaic power has continued to grow. Given the fact that clean energy power generation is greatly affected by seasons, weather and regions, and has the characteristics of instability and imbalance, while electrochemical energy storage products can improve the reliability and stability of power supply, the popularization of their application is conducive to the widespread utilization of clean energy. With the gradual introduction of supporting policies and the improvement of various performance indicators such as safety and circular life of energy storage products, there will be a great market development potential.

The requirement of wind and photovoltaic power distributable storage and a specific cost compensation mechanism have been introduced in certain provinces to increase the revenue of energy storage power stations through shared leasing, capacity compensation, and participation in power market transactions. In the future, with the gradual increase in demand for green power, the revenue of energy storage power stations can also be further improved by partial green power transaction premium. From the perspective of energy safety and security, the advantages in user-side, industrial and commercial energy storage segment have also begun to emerge. The Russia-Ukraine conflict has triggered a sharp spike in the price of imported fossil fuels, which promoted a transition to renewable energy sources, mainly solar and wind power, in countries heavily depending on traditional energy sources. Major countries in Europe and the United States are also increasing the installed capacity targets of photovoltaic and wind power based on their own carbon neutrality goals. The market demand for household photovoltaic power and distributable storage is also growing rapidly.

The International Energy Agency predicts that the global installed capacity of renewable energy will increase by 2,400 GWh between 2022 and 2027, which is equivalent to current total installed capacity of power in China. According to China National Energy Administration, in 2022, China's newly installed capacity of wind power and photovoltaic power generation was 125GWh, representing a year-on-year increase of 23.8% and accounting for 62.8% of newly installed capacity of power generation in China.

II. Business Review

As an international leading new energy technology enterprise, the Group is committed to becoming an energy value creator. Adhering to the mission of "beyond commerce, bettering mankind" and the vision of "mutually beneficial, achieving greatness", we will continue to shape a healthy ecology of the new energy industry by pioneering innovation and technology leadership, and do our utmost to achieve the "Dual Carbon" goal and the new energy vehicle strategy, and fulfill our responsibilities for human energy security and sustainable development!

1. Main business

The Group is principally engaged in the design, research and development, production and sales of EV batteries[1] and ESS products[2]. The Group has established a comprehensive energy operation system, providing comprehensive product solutions and life-cycle management for the new energy full-scenario application market represented by power and energy storage industries.

2. Main products

The Group is committed to forging a competitiveness-oriented approach for EV batteries and ESS products while persisting in the efficient use of resources and supporting sustainable social development. The Group's main products include:

(1) Ternary products: possessing the characteristics of high energy density, ultra-fast charging, long battery life and excellent safety, making it one of the best battery system solutions for passenger vehicles.

1) the 400V 2C medium-nickel battery can achieve 20%-80% charging within 18 minutes, and has been applied on the all-new 100kWh models of automakers, and the charging time is shortened by 50% as compared with the previous generation;

2) the 800V 4C medium-nickel battery can achieve 20%-80% charging within 10 minutes, alleviating users' anxiety of replenishing energy;

3) the 800V 6C high-nickel battery is the 46 series of large cylinder products developed by the Group, has undergone structural innovation. Compared with other structures such as "tabless" and "all tab", the internal resistance of the structure is reduced by 50%, and the space utilization rate is increased by 3%, achieving 80% charging within 8 minutes with an energy density of up to 300Wh/kg;

4) the high-nickel multi-element battery is the high-energy battery with energy density of cells reaching 350Wh/kg developed by the Group, has achieved new breakthroughs in safety and life. Through innovative technologies such as "extremely high-quality" safe electrolyte, the product has passed the nail penetration test (puncture) with a cycle life of over 1,500 times.

(1) Batteries to provide power to new energy vehicles (NEV).
(2) Batteries to apply to energy storage scenarios.

(2) Phosphate series products: possessing the characteristics of super safety, long life and cost-effectiveness.

1) the high-power LEP battery, featuring high power and all-climate scenario application, which are high-quality products developed for the hybrid passenger vehicle market, and have been delivered in batches for hybrid models of automakers;

2) long-life LEP energy storage battery, featuring long life, high efficiency and high safety, it is a customized product developed based on concerns of the application of energy storage scenarios to support the application of energy storage products and solutions in all scenarios;

3) the One-Stop LFP battery, integrating high energy, high strength and high power, with the energy density of the battery pack of 152Wh/Kg, supporting a range of over 600km;

4) the One-Stop high-manganese iron lithium battery, without nickel and cobalt consumption, 15% reduction in lithium consumption, and energy density of battery pack of 180Wh/Kg, which supports a range of over 700km.

(3) Energy storage products: intense devotion to power storage (new energy power generation and power grid), industrial and commercial energy storage, household energy storage, providing users with full-scenario energy storage products and solutions.

1) For power storage application scenario, the Group's liquid-cooled/air-cooled container products integrated high safety, high integration efficiency and long battery life. In terms of system integration application, the number of system integrated components can be reduced by over 20%, the integrated power per unit area is increased by over 30%, helping customers significantly reduce the initial investment cost and the levelized cost of energy (LCOE) in the full life cycle;

2) For industrial and commercial energy storage application scenario, the development of the Group's outdoor integrated cabinets and containers was completed, with the advantages of modular design, active safety system, intelligent power distribution system, safety and reliability, and economic efficiency, supporting peak and off-peak power price difference arbitrage to maximize the commercial benefits;

3) For household energy storage application scenario, the Group's long-life prismatic battery and intelligent management system that possess multiple protection mechanisms such as over-charge, over-discharge, over-temperature, over-current, and short circuit, successively passing a series of overseas certifications such as UL/IEC/CE with excellent performance in product performance, cost and safety.

3. Business achievements

In 2022, the Group's operating performance continued to improve significantly, achieving a geometric growth in the installed capacity of EV batteries for four consecutive years, which made it one of the fastest growing enterprises among the global EV battery enterprises. The Group made further breakthroughs in technology and developed leading products, reaching new heights in terms of market development, production capacity, brand influence and industrial ecological leadership. The Group was listed on the main board of the Stock Exchange, officially gaining access to the international capital market and opening up a new chapter in the implementation of our international strategies.

In 2022, the Group accelerated implementation of the scaling-up strategy and further expanded industrial clusters by building new industrial bases in Meishan, Sichuan province, Jiangmen, Guangdong province and Europe. At the same time, the Group continued to upgrade its key technology paths and implementation plan, constantly improved manufacturing engineering capabilities, and delivered high-quality production capacity to the market and customers, thus facilitating the achievement of the Group's international strategic objectives.

In 2022, the Group maintained a rapid growth in the EV battery and ESS markets.

In terms of EV battery market, the Group achieved important layout in the PHEV and REEV market segments while continuing to lead the Battery Electric Vehicle ("BEV") market segment. With a comprehensive product pipeline, the Group succeeded in conducting a designated cooperation with automakers for more than 30 hybrid models, which will make the hybrid market become a rapid growth pole of the Group. In terms of customer development for passenger vehicles, in China, while continuing to maintain in-depth strategic cooperation with automakers such as GAC, XPeng, Changan, Geely and Leapmotor, the Group also acquired new designated cooperation for platform products with several automakers such as NIO, Dongfeng and FAW, which has laid a solid foundation for the Group's sustained high growth. In terms of international customers, the Group started mass production and delivery to automakers such as Smart and Honda. At the same time, leveraging on the existing technology reserve, the Group has completed the preparation of products and production capacity for the commercial vehicle market, which strongly supported the rapid growth of the Group's commercial vehicle business.

In terms of the ESS products market, while continuing to maintain the influence in the power storage market segment, the Group completed important layout in the industrial and commercial energy storage, household energy storage market. The Group has obtained designated partnership with a number of central power enterprises, system integrators, photovoltaic and wind power top-tiered enterprises through the comprehensive layout of full-scenario energy storage products and solutions, which laid a solid foundation for the Group to seize the opportunities of high growth in the energy storage market.

During the Reporting Period, the total assets of the Group amounted to RMB90.461 billion, representing a year-on-year increase of 134.2% as compared with the last year, and the net assets amounted to RMB41.575 billion, representing a year-on-year increase of 66.4% as compared with the last year. The Group recorded a turnover of approximately RMB20.375 billion, representing a year-on-year increase of 198.9% as compared with the last year; and the net profit amounted to approximately RMB694 million, representing a year-on-year increase of 521.8%. The increase was mainly due to the increase in the Group's sales, gross profit margin and gross profit.

4. Technology research and development achievements

The Group is driven by continuous technological innovation. According to Frost & Sullivan, the Group is one of the few EV battery companies with comprehensive independent research and development ("R&D") capabilities and the ability to solely complete the production of EV batteries. Our influential EV battery innovation center encompasses six major parts, namely advanced materials, advanced batteries, advanced simulation and testing, intelligent manufacturing, battery recycling technology and digitalization.

In 2022, the Group applied for 1,571 patents, which facilitated to form the patent layout of the entire battery industry chain covering battery materials, battery structure, system integration, electrical circuits, BMS, manufacturing process equipment, and battery recycling.

5. Operation management model

The Group possesses efficient, digital and scaled operational capabilities and manufacture engineering capabilities, striving to build and bolster a healthy industry ecosystem by forging a strategic synergy and a high degree of mutual trust with industry partners and adhering to the vision of "mutually beneficial".

Based on the premise of customer-orientation and maximizing our overall value, the Group has created an efficient, collaborative and flat liquid organization structure, built a management model that integrates delivery planning and cost control, so as to ensure the efficient and smooth operation of key business processes and improve customer satisfaction.

By monitoring the manufacturing process of products throughout their full life cycles on a real time basis, the Group not only ensures the smooth and efficient operation of the entire manufacturing process, but also achieves rapid technical upgrades and product iterations with the help of standardized procedures, so as to deliver products meeting customer demands in an ongoing and stable manner.

We have built close strategic partnership with major suppliers, reaching consensus with partners on the future development direction of the industry to jointly plan and develop material and equipment related technology and innovative products, which in turn, further promotes the joint development of the industry. Such close relationships extend our technological innovation strength to the upstream of the industrial chain, while ensuring a stable supply of raw materials and equipment, so that our production capacity can meet customer demand in a timely manner.

III. Future prospects

1. Innovation in technologies and products

The Group adheres unwaveringly to the strategy of consolidating its leadership in product and technology with a future-oriented R&D plan rolled out to promote the continuous advancement in battery technology through innovation in materials, structure, manufacturing and system, so as to maintain its leadership in the development of EV battery technology and product innovation, while making positive contributions to the healthy and orderly development of the ecology.

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

- In the field of chemical energy storage materials, the Group will continue to focus on the balance between high energy density and resource utilization efficiency, while accelerating the industrialization of new material technologies, continuing to innovate and make breakthroughs in material technology to fully support the market demand in terms of performance, quality and cost;

- In the area of intelligent manufacturing technologies, the Group will strive to achieve efficient manufacturing technology upgrades through innovation in the structure of and highly integrated manufacturing process for batteries, while empowering high quality and high efficiency production with intelligent technologies to achieve highly reliable batch delivery capability;

- In terms of high-performance battery and system technology, the Group seeks to build a comprehensive leading advantage in the fields of high specific energy, long battery life, high degree of safety, high power and all-climate technology;

- In the field of new batteries, the Group will continue to build a leading edge of next-generation battery technologies such as solid-state lithium batteries and lithium-sulfur batteries;

- In terms of battery life-cycle management, with the goal of maximizing the value of battery life cycle, the Group will continue to invest in the development of smart battery management technology, so as to realize a safe, reliable and long-life operation of battery. Meanwhile, to achieve a sustainable social value, we will actively explore various efficient cascade utilization and recycling technologies, promote the closed loop of battery resource recycling, build a green and environmentally friendly battery industry ecosystem.

2. Market and Customer Development

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

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

In the EV battery market, the Group will strive to maintain its leadership and competitiveness in the Battery Electric Vehicle ("BEV") market segment. While helping its customers to achieve their goals and serving the market, the Group has completed important layouts in the PHEV/REEV market segment, with its products delivering excellent performance in terms of high power and all-climate adaptability, which will make PHEV/REEV market segment a strong growth driver for the Group.

As for the ESS products market, the Group will focus on the new energy power generation side, grid side, customer side and such other segments, and try to establish long-term strategic cooperation with leading enterprises in wind power, photovoltaic, grid and such other industries, while deeply cultivating new energy power generation, industrial and commercial customers, zero-carbon water transport and such other application scenarios, aiming to provide its customers with full-scenario ESS products and solutions. The ESS products market has become another new business growth driver for the Company.

3. Internationalization

The Group will continue to accelerate its strategic internationalization process, and in full compliance with the local laws and regulations in Europe, the Group will draw on the successful experience of our operations in China to exercise optimal control of time, cost and quality, so as to ensure that the European industrial base is built/operated at the best cost and meets EU's standards and low carbon requirements. The Group will draw plans and operate effectively in terms of products, technology, sales, supply chain, factories, policies and regulations, and personnel capabilities, and advance the construction of our plants in Europe according to plan, and ensure that mass production is commenced on schedule.

Through continuous innovation, the Group will deliver products with excellent performance to its customers, while continuously increasing its market share and brand awareness and reputation in its target markets and among its customers, so as to make greater contribution to the achievement of carbon emission peaking and carbon neutrality.

IV. Financial Review

Overview

During the Reporting Period, the operating revenue of the Group increased from RMB6,817.12 million for the year ended 31 December 2021 to RMB20,374.94 million for the year ended 31 December 2022, representing an increase of 198.9%; the gross profit of the Group increased from RMB510.95 million for the year ended 31 December 2021 to RMB2,103.52 million for the year ended 31 December 2022, representing an increase of 311.7%.

During the Reporting Period, the profit for the year attributable to the owners of the Company increased from RMB140.03 million for the year ended 31 December 2021 to RMB691.63 million for the year ended 31 December 2022, representing an increase of 393.9%. The basic earnings per share of the Group increased from RMB0.1128 for the year ended 31 December 2021 to RMB0.4408 for the year ended 31 December 2022, representing an increase of 290.8%.

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

Financial indicators	2022	2021
Gross profit margin (%)	**10.3%**	7.5%
Net sales margin (%)	**3.4%**	1.6%

The gross profit margin of the Group increased by 2.8 percentage points from 7.5% for the year ended 31 December 2021 to 10.3% for the year ended 31 December 2022, which was mainly due to the gradual release of the Group's production capacity during the Reporting Period, resulting in more significant economies of scale.

The net sales margin of the Group increased by 1.8% from 1.6% for the year ended 31 December 2021 to 3.4% for the year ended 31 December 2022, primarily due to the increase in the sales and gross profit margin of the Group.

Revenue structure

During the Reporting Period, the Group generated revenue from the sales of EV batteries, ESS products and others. The operating revenue of the Group increased from RMB6,817.12 million for the year ended 31 December 2021 to RMB20,374.94 million for the year ended 31 December 2022, representing an increase of 198.9%. The increase was mainly due to the gradual release of the Group's production capacity and the increased customer demands.

1) Revenue by product

Items	2022 Revenue (RMB'000)	2022 Percentage of revenue (%)	2021 Revenue (RMB'000)	2021 Percentage of revenue (%)
EV batteries	**18,323,505**	**89.9**	6,065,200	89.0
ESS products and others	**2,051,437**	**10.1**	751,915	11.0
Total	**20,374,942**	**100.0**	6,817,115	100.0

During the Reporting Period, the revenue generated from the sales of EV batteries of the Group increased by 202.1% from RMB6,065.20 million for the year ended 31 December 2021 to RMB18,323.51 million for the year ended 31 December 2022. The strong growth was mainly attributable to the release of the Company's production capacity and the increased customer demands, as well as the rapid growth of the passenger vehicle and commercial vehicle businesses.

During the Reporting Period, the revenue generated from the sales of energy storage systems and others of the Group increased by 172.8% from RMB751.92 million for the year ended 31 December 2021 to RMB2,051.44 million for the year ended 31 December 2022, mainly due to the increase in sales as the Group continued to explore the market segments including energy storage system, covering various application scenarios such as power supply side, power grid side and user side.

2) Revenue by geographical location of product delivery

Items	2022 Revenue (RMB'000)	2022 Percentage of revenue (%)	2021 Revenue (RMB'000)	2021 Percentage of revenue (%)
Mainland China	**19,988,435**	**98.1**	6,643,764	97.5
Overseas	**386,507**	**1.9**	173,351	2.5
Total	**20,374,942**	**100.0**	6,817,115	100.0

During the Reporting Period, the Group's revenue from Mainland China increased by 200.9% from RMB6,643.76 million for the year ended 31 December 2021 to RMB19,988.44 million for the year ended 31 December 2022. The increase was mainly attributable to the continuous improvement and release of the Group's production capacity and the rapid growth of demand for batteries from the Group's major customers in Mainland China.

During the Reporting Period, the Group's revenue from overseas regions increased by 123.0% from RMB173.35 million for the year ended 31 December 2021 to RMB386.51 million for the year ended 31 December 2022. The increase was mainly attributable to the rapid growth in the global new energy vehicle market and the significant growth of the Company's overseas operations.

Financial position

1) Assets

The total assets of the Group increased from RMB38,620.49 million as at 31 December 2021 to RMB90,460.62 million as at 31 December 2022, representing an increase of 134.2%, among which, non-current assets increased from RMB20,034.41 million as at 31 December 2021 to RMB53,101.17 million as at 31 December 2022, representing an increase of 165.0%. Such increase was mainly due to the increase in property, plant and equipment as the Group continued to invest in the construction of production bases. Current assets increased from RMB18,586.08 million as at 31 December 2021 to RMB37,359.45 million as at 31 December 2022, representing an increase of 101.0%. Such increase was mainly due to the increase in bank deposits as a result of the proceeds from the issue of H shares of the Company and the increase in inventories, trade receivables and bills receivable with the expansion of business scale.

2) Liabilities

The total liabilities of the Group increased from RMB13,634.36 million as at 31 December 2021 to RMB48,885.16 million as at 31 December 2022, representing an increase of 258.5%, among which, current liabilities increased from RMB9,890.35 million as at 31 December 2021 to RMB32,774.95 million as at 31 December 2022, representing an increase of 231.4%. Such increase was mainly attributable to business expansion, increase in procurement of materials and continuous investment in construction of production bases, increase in trade payables and bills payable and payables for property, plant and equipment. Non-current liabilities increased from RMB3,744.01 million as at 31 December 2021 to RMB16,110.21 million as at 31 December 2022, representing an increase of 330.3%. Such increase was mainly due to the increase in syndicated borrowings for the project for meeting the capital needs of the Group's business expansion and continuous investment in key projects.

Liquidity and financial resources

The operating cash inflow of the Group for the year ended 31 December 2022 amounted to RMB2,109.05 million, representing an increase of 32.6% as compared with RMB1,590.11 million for the year ended 31 December 2021, which was mainly attributable to the rapid growth of business as a result of the rapid growth of market and customer demand and the continuous release of the Group's production capacity, which led to an increase in cash received from sales of goods and the provision of services during operating activities.

The bank balances and cash (including pledged and restricted bank deposits) of the Group as at 31 December 2022 were approximately RMB12,916.90 million (2021: RMB4,361.33 million).

The total borrowings of the Group as at 31 December 2022, including all bank loans, amounted to approximately RMB17,707.48 million (31 December 2021: RMB2,890.65 million). The repayment terms of the bank loans are due within one year of approximately RMB2,479.64 million and approximately RMB15,227.84 million after one year, respectively.

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

Capital structure

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

The borrowings of the Group were mainly settled in Renminbi, while its cash and cash equivalents were mainly held in Renminbi and Hong Kong dollars. The Group plans to maintain an appropriate portfolio of equity and debt during the period to ensure an effective capital structure. As at 31 December 2022, the outstanding loans of the Group were RMB-denominated loans with approximately 20.2% of these outstanding loans bearing interest at fixed rates and the remainder at floating rates.

The Group monitored the capital structure by using the gearing ratio (i.e. net debt divided by equity), with its policies to maintain financial stability and support the sustainable, healthy and rapid development of the Group's business. Net debt includes interest-bearing bank and other borrowings and is net of cash and cash equivalents, with equity being total equity. The gearing ratio of the Group as at 31 December 2022 was 17.7% (31 December 2021: 3.1%). The increase in the gearing ratio was mainly due to the increased borrowings in project construction. The Group maintained its financial stability amidst rapid business development.

Foreign exchange risk

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

Capital expenditure

During the Reporting Period, the capital expenditures of the Group for the year ended 31 December 2022 amounted to RMB29,989.32 million (2021: RMB9,646.29 million (re-presented)) which were mainly used to expand production capacity, including the construction of production facilities and the upgrade of existing machinery and equipment. The capital expenditures of the Group were mainly funded by the Group's own funds, proceeds from the issuance of ordinary shares, funds contributed by local shareholders and bank borrowings as well as cash inflow from the operating activities of the Group.

Capital commitment

During the Reporting Period, the capital commitments of the Group were mainly related to the acquisition of property, plant and equipment and intangible assets. The total of capital expenditures contracted but not incurred as at 31 December 2022 was RMB29,204.78 million (2021: RMB16,894.99 million).

Restricted assets

As at 31 December 2022, the Group had restricted assets with a total carrying amount of RMB4,174.28 million for obtaining bank loans and other bank facilities. These assets include pledged and restricted bank deposits of RMB1,985.08 million, bills receivables of RMB757.72 million, property, plant and equipment of RMB975.98 million and right-of-use assets of RMB455.50 million.

Significant investments held

As at 31 December 2022, the Group did not hold any significant investments.

Future plans for significant investments and capital assets

As at 31 December 2022, the Group did not have any other plans for significant external investments and capital assets.

Material acquisitions and disposals of subsidiaries and associates

The Group entered into an equity transfer agreement with Jiangsu Jinhang Holding Co., Ltd.* (江蘇金航控股有限公司) (the "**Jinhang Holding**") on 3 March 2022, pursuant to which the Group transferred its 49% equity interests in China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司) (the "**Luoyang Company**") to Jinhang Holding at a consideration of RMB1,087.80 million. Upon completion of the aforesaid transfer, Luoyang Company was owned as to 51% and 49% by Jiangsu Jintan Jincheng Technology Industry Development Co., Ltd.* (江蘇金壇金城科技產業發展有限公司) ("**Jintan Jincheng**") and Jinhang Holding, respectively. Luoyang Company ceased to be an associate of the Group.

Save as mentioned above, the Group had no other material acquisitions or disposals of subsidiaries and associates during the year ended 31 December 2022.

Contingent liabilities

(a) The Group endorsed certain bank acceptance bills for the settlement of trade and other payables and discounted certain bank acceptance bills to banks for obtaining working capital. The outstanding endorsed and discounted bank acceptance bills are generally with maturities no more than 12 months. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards relating to these bills, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of default in payment of the endorsed and discounted bills is low because they were issued or guaranteed by reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed or discounted bills as at the end of Reporting Period are as follows:

	2022 **RMB'000**	2021 RMB'000
Endorsed or discounted bills	**3,534,942**	111,950

(b) During 2021, Contemporary Amperex Technology Co., Limited ("**CATL**") has brought four intellectual property infringement claims (for Patent I, Patent II, Patent III and Patent IV, as defined in the Prospectus of the Company dated 23 September 2022) against the Company (each a "**Claim**" and together, the "**Claims**"). Luoyang Company is also a joint defendant in the Claim related to Patent II. CATL petitioned to immediately stop infringing the relevant patents (including, without limitation, to cease manufacturing, selling or offering to sell relevant products that apply the relevant patents), the Group to pay in aggregate amount of RMB485 million (including royalties payable during the temporary protection period for invention patents) to CATL as compensation for such alleged intellectual property infringements and bear the RMB2.7 million expenses. The Directors were of the view that the Claims were lacking in merit and it was not probable that an outflow of economic benefits will be required to settle the Claims related to Patent I, Patent II, Patent III and Patent IV.

Accordingly, the Group had the following contingent liabilities as at 31 December 2021:

Claim related to:	Damages claimed by CATL RMB'000	Expenses claimed by CATL RMB'000
Patent I relates to battery cathode piece technology	30,000	500
Patent II relates to an air tightness detection structure of explosion-proof device arranged on the battery cover	365,000*	1,200*
Patent III relates to retaining structure that remains fixed when the connector of battery current collector is bending	12,000	500
Patent IV relates to battery negative pole pieces technology	78,000	500

* The Company and Luoyang Company are joint defendants of claim related to Patent II, and Luoyang Company will bear its respective portion of compensation and expenses as determined by the Court. The initial amount claimed by CATL under the Claim in relation to Patent II was RMB99 million (comprising damages of RMB98 million and cost incurred by CATL of RMB1 million) and was increased to RMB366.2 million (comprising damages of RMB365 million and costs incurred by CATL of RMB1.2 million) in May 2022.

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

The civil judgments on Patent I, Patent III and Patent IV made by Fuzhou Intermediate Court were first-instance judgments, but not final and effective judgments. The Company has appealed to the Supreme People's Court within the appeal period, and the company currently does not need to pay the first-instance compensation of Fuzhou Intermediate Court. Even if the Supreme People's Court supports CATL's plea of "immediately stopping the infringement of relevant patents" in the second instance. Based on the estimate of the amount of compensation conducted by the Company's legal counsel, it is estimated that the amount of compensation in respect of the claims of Patent I, Patent III and Patent IV will not exceed RMB8.64 million. Accordingly, after careful consideration, the Company made provisions based on the estimate of the amount of compensation conducted by the Company's legal counsel. Details are as follows:

During November 2022, the Company received a civil judgement from the Fuzhou Intermediate Court regarding the Claim related to Patent III, the salient contents of which are: (1) the Group shall immediately cease selling and manufacturing products infringing the relevant patent; (2) the Group shall compensate CATL for its economic loss of RMB2.63 million and reasonable costs of RMB0.2 million; (3) the Group to pay RMB0.13 million fees for the temporary protection period for the relevant patent; and (4) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 30 November 2022. Due to this latest development, management of the Company has made provision based on the estimate of the amount of compensation conducted by the Company's legal counsel.

During February 2023, the Company received a civil judgement from the Fuzhou Intermediate Court regarding the Claim related to Patent IV, the salient contents of which are: (1) the Group shall immediately cease manufacturing and selling products infringing the relevant patent; (2) the Group shall compensate CATL for its economic loss of RMB35.8 million and reasonable costs of RMB0.2 million; (3) the Group to bear the costs for protection of the relevant patents during the temporary period of RMB0.8 million; and (4) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 21 February 2023. Due to this latest development, management of the Company has made provision based on the estimate of the amount of compensation conducted by the Company's legal counsel.

During February 2023, the Company received a civil judgement from the Fuzhou Intermediate Court regarding the Claim related to Patent I, the salient contents of which are: (1) the Group shall immediately cease manufacturing and selling products infringing the relevant patent; (2) the Group shall compensate CATL for its economic loss of RMB20.1 million and reasonable costs of RMB0.2 million; and (3) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 21 February 2023. Due to this latest development, management of the Company has made provision based on the estimate of the amount of compensation conducted by the Company's legal counsel.

As set out above, the Group has made total provision of RMB8.64 million for claims in relation to Patent I, III and IV.

After assessing the analysis and views of the Company's internal legal counsel and external legal advisors, the Directors are of the view that the Claims relating to Patent II and Patent VI are lacking in merit and it is not probable that an outflow of economic benefits will be required to settle the Claims.

Accordingly, the Group's contingent liabilities related to the Claims as at 31 December 2022 are set out below:

Claim related to:	Damages claimed by CATL RMB'000	Expenses claimed by CATL RMB'000
Patent II relates to an air tightness detection structure of explosion-proof device arranged on the battery cover	365,000*	1,200*
Patent VI relates to battery package assembly	130,000*	500*

* The Company and Luoyang Company are joint defendants of claim related to Patent II and Patent VI, and Luoyang Company will bear its respective portion of compensation and expenses as determined by the Court.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2022.

Profile of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Ms. Liu Jingyu (劉靜瑜女士) (former name Liu Caiyu (劉彩瑜)), aged 53, is the chairwoman of our Board, as well as an executive Director and president of our Company. Ms. Liu has been a Director of our Company since 20 July 2018, by election at the Shareholders' meetings of our Company, was appointed as the chairwoman of the board of our Company on 27 July 2018 and has been the president of our Company since 6 August 2018. Ms. Liu was designated as our executive Director on 10 December 2021. Ms. Liu is also the chairwoman of the board or a Director of Jiangsu Research Institute, Xiamen Company, Jiangsu Company, Shenzhen Research Institute, Wuhan Company, Hefei Company, Chengdu Company, Materials Company, Fujian Company, Jiangmen Company and Sichuan Company. Ms. Liu also serves as the chairwoman of the board of Jiangsu Power and Energy Storage Battery Innovation Center Co., Ltd.* (江蘇動力及儲能電池創新中心有限公司), CALB (EUROPE),S.A., an European Company and CALB Smart Energy Technology Co., Ltd.*（中創新航智慧能源科技有限公司）, associates of our Company. Ms. Liu is mainly responsible for overall strategic planning and operational decision of our Group. She is a member of the Nomination Committee and Remuneration Committee.

Ms. Liu has over 18 years of experience in business management. Prior to joining our Group, Ms. Liu, from April 2003 to June 2018, worked in Tianma Microelectronics Co., Ltd.* (天馬微電子股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000050) ("**Tianma**", together with its subsidiaries "**Tianma Group**"), which is principally engaged in the research, manufacturing and sales of liquid-crystal display and its related materials with subsidiaries located in China, Europe, United States, Japan, Korea and India. Ms. Liu had served various positions in Tianma Group and her last position was director and general manager of Tianma. Ms. Liu was mainly responsible for the overall operation and management of Tianma Group and had gained extensive international experience during her tenure in Tianma Group.

Ms. Liu has received many honors including:

- in January 2023, she was elected as a "representative of the 14th National People's Congress of China";
- in January 2023, she was awarded the honorary title of "Industrial Star Entrepreneur"（工業明星企業家）by Changzhou Municipal People's Government;
- in November 2022, she was awarded the honorary title of "the Most Influential Business Women in China" (中國最具影響力商界女性) by Fortune;
- in July 2022, she was awarded the honorary titles of "the Top Ten Women in Science and Technology Innovation in Jiangsu Province" (江蘇省科技創新十大女傑) and "the Outstanding Female Talent of Jiangsu Province" (江蘇省巾幗智造之星) by three major departments including the Women's Federation of Jiangsu Province;
- in July 2022, she was awarded the honorary title of "2020-2021 Integrity Model and Integrity Star"（常州市2020-2021年度"誠信標兵""誠信之星"）by 7 major departments including the Propaganda Department of the CPC Changzhou Municipal Committee;

- in February 2022, she was awarded the honorary title of "Outstanding Entrepreneur of Changzhou Jintan District" (常州市金壇區優秀企業家) by the CPC Changzhou Jintan District Committee and Changzhou Jintan District People's Government;
- in April 2021, she was awarded the honorary title of "Model Worker in Jintan District of Changzhou City" (常州市金壇區勞動模範) by the People's Government of Jintan District of Changzhou City;
- in February 2021, she was awarded the honorary title of "Advanced Person Contributing to Jintan District" (貢獻金壇先進人物) by the People's Government of Jintan District of Changzhou City;
- in November 2020, she was awarded the honorary title of "Women Achievement Model" (巾幗建功標兵) in Jintan District of Changzhou City;
- in February 2020, she was awarded the title of "Excellent Entrepreneur" (優秀企業家) by the People's Government of Jintan District of Changzhou City;
- in November 2019, she won the award of "LiXiang Person of the Year 2019" (鋰想2019年度人物獎) at the 4th International Summit on EV Battery Application* (第四屆動力電池應用國際峰會);
- in June 2019, she was elected as the chairwoman of the first session of Jiangsu Power and Energy Storage Battery Industry Innovation Alliance* (江蘇省動力及儲能電池產業創新聯盟); and
- in April 2016, she won the first prize of the "Industry Contributing Nation Jade Award"; (產業報國玉獎) awarded by the AVIC.

Ms. Liu has been a senior accountant recognized by the Senior Professional Technical Position Review Committee of China Aviation Industry Corporation I since December 2005 and a certified public accountant recognized by the Shenzhen Institute of Certified Public Accountants since March 2007. Ms. Liu was recognized as a registered valuer by the Shenzhen Association of Registered Asset Appraisers in 2001 and was recognized as a certified tax agent by the Shenzhen Registered Tax Agent Management Center in 2001.

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

Mr. Dai Ying (戴穎先生), aged 44, is the executive Director (employee representative Director), senior vice president and joint company secretary of our Company. Mr. Dai has been the senior vice president of our Company since 3 April 2019 and was appointed as our Director on 2 December 2020 and as our company secretary on 6 January 2022 (effective upon Listing). Mr. Dai was designated as our executive Director on 10 December 2021. Mr. Dai also acts as a director of Wuhan Company, Chengdu Company, Hefei Company and Jiangmen Company. Mr. Dai is mainly responsible for the investment, financing and capital operation of our Group.

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

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

Non-executive Directors

Mr. Zhou Sheng (周勝先生) (former name Zhou Zisheng (周子勝)), aged 47, is the non-executive Director. Mr. Zhou has been the non-executive Director since 8 December 2015 and was designated as our non-executive Director on 10 December 2021. Mr. Zhou is mainly responsible for providing guidance for the overall development of the Group.

Since April 2017, Mr. Zhou has been the chairman of the board of directors and the legal representative of Jintan Hualuogeng, mainly responsible for the overall management of Jintan Hualuogeng. Prior to joining Jintan Hualuogeng, Mr. Zhou served as the deputy general manager of Jintan Holding from September 2014 to February 2017, where he was mainly responsible for corporate financing and standardized management of funds. He served as the general manager of Jintan Holding from February 2017 to February 2019, and from December 2021 until now, he has been mainly responsible for the overall work of its production, operation and management. Mr. Zhou also worked as the Financial Affairs Office of Jintan Municipal Government* (金壇市政府金融工作辦公室) as deputy director from April 2014 to August 2014, mainly responsible for planning and implementation of the relevant policies in relation to the development of the banking and financing guarantee industries in Jintan District. Mr. Zhou worked at the Finance Bureau of Jintan District* (金壇市財政局) as office director and deputy chief accountant of the budget section from April 2007 to February 2011, and as chief accountant from March 2011 to March 2014, mainly responsible for financial budget management. Prior to that, he worked as general budget accountant and deputy director of Financial Office of Xuebu Town, Jintan City* (金壇市薛埠鎮財政所) from August 1995 to March 2007, mainly responsible for management of financial special funds and internal audit work.

Mr. Zhou also serves at various positions in Jintan Group and their respective subsidiaries including:

- since September 2022, he has been serving as an executive director and legal representative of Changzhou Huake Longke Technology Investment Co., Ltd.* (常州華科隆科科技投資有限公司);
- since January 2022, he has served as an executive director and a legal representative of Changzhou Zhongcheng Industrial Co., Ltd* (常州眾成實業發展有限公司) ("**Changzhou Zhongcheng**"), a subsidiary of Jintan Hualuogeng;
- since December 2021, he has served as an executive director and a legal representative of Jinsha Investment;
- since December 2021, he has served as an executive director and a legal representative of Changzhou Jinsha Capital Management Co., Ltd* (常州金沙資金管理有限公司) ("**Jinsha Capital Management**"), a subsidiary of Jintan Holding;
- since October 2021, he has served as an executive director and a legal representative of Jiangsu Jiangnan Clean Energy Research Institute Co., Ltd.* (江蘇江南清潔能源研究院有限公司) ("**Jiangnan Clean Energy**"), a subsidiary of Jintan Hualuogeng;
- since May 2021, he has served as an executive director and a legal representative of Changzhou Huake Zhuolin Industrial Investment Co., Ltd.* (常州華科卓林實業投資有限公司) ("**Huake Zhuolin**"), a subsidiary of Jintan Hualuogeng;
- since December 2020, he has served as a general manager, an executive director and a legal representative of Changzhou Huakewo Industrial Investment Co., Ltd.* (常州華科沃實業投資有限公司), a subsidiary of Huake Engineering;
- since May 2018, he has served as an executive director and legal representative of Changzhou Huakeyi Technology Investment Co., Ltd.* (常州華科易科技投資有限公司), a subsidiary of Huake Engineering;

- since April 2018, he has served as a general manager, executive director and legal representative of Changzhou Huakerui Technology Investment Co., Ltd.* (常州華科瑞科技投資有限公司), a subsidiary of Huake Engineering;

- since January 2018, he has served as chairman of the supervisory committee of Changzhou ECTEK Automotive Electronic Systems Co., Ltd.* (常州易控汽車電子股份有限公司), a company primarily engaged in development and sales of automobile engine and technology promotion services;

- since January 2018, he has served as a director of Jiangsu Chengdong Construction Projects Co., Ltd* (江蘇城東建設工程有限公司), a subsidiary of Jintan Holding;

- since March 2017, he has served as an executive director of Changzhou Huake Venture Capital Co., Ltd.* (常州華科創業投資有限公司) ("Huake Venture Capital"), a subsidiary of Jintan Hualuogeng;

- since March 2017, he has served as an executive director and the legal representative of Huake Investment;

- since March 2017, he has served as an executive director and legal representative of Huake Engineering; and

- since March 2017, he has been serving as an employee director and general manager of Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司).

Mr. Zhou obtained a bachelor's degree in economic management from Central Party School College of Correspondence* (中央黨校函授學院) through correspondence study (函授課程) in December 2006.

Mr. Zhang Guoqing (張國慶先生), aged 50, is the non-executive Director. Mr. Zhang has been the non-executive Director since 13 August 2019 and was designated as our non-executive Director on 10 December 2021. Mr. Zhang is responsible for providing guidance for the overall development of the Group.

Since 7 February 2023, Mr. Zhang has been serving as the employee director and general manager of Jiangsu Jintan Jincheng Technology Industry Development Co., Ltd.* (江蘇金壇金城科技產業發展有限公司). Since December 2016, Mr. Zhang has been serving as the chairman of the supervisory committee of Jintan Holding. Prior to joining Jiantan Investment, Mr. Zhang worked in Jintan Huijin Construction Investment Development Co., Ltd.* (金壇市惠金建設投資發展有限公司) from July 2013 to January 2015 and from February 2015 to December 2016, and his last position was deputy general manager and head of the general department. From June 2011 to July 2013, Mr. Zhang worked in Jintan City Finance Bureau as a member of the Economics and Construction Section. From June 2011 to July 2013, Mr. Zhang was a member of the Financial Law Enforcement and Inspection Brigade of Jintan City (金壇市財政執法稽查大隊). From December 2010 to June 2011, Mr. Zhang worked at Jintan Construction and Engineering Group Co., Ltd* (金壇建工集團有限公司), mainly responsible for internal control audit. He also worked at Construction Bureau of Jintan City in Beijing Office* (金壇市建設局駐北京辦事處) from December 2000 to December 2010, and his last position was chief of Financial Section.

Concurrently, Mr. Zhang also serves at various positions in Jintan Group and their respective subsidiaries including:

- since January 2022, he has been a supervisor of Changzhou Zhongcheng;
- since October 2021, he has been a supervisor of Jiangnan Clean Energy;
- since May 2021, he has been a supervisor of Huake Zhuolin;
- since April 2021, he has been a supervisor of the following companies:
  - Jintan Holdings
  - Jincheng Technology
  - Huake Engineering
  - Jinsha Capital Management
  - Changzhou Jinsha City Development Co., Ltd.* (常州金沙城市開發有限公司), a wholly-owned subsidiary of Jincheng Technology
  - Jiangsu Jintan Zhonghe Investment Co., Ltd* (江蘇金壇眾合投資有限公司), a subsidiary of Jinsha Investment
  - Huake Venture Capital
  - Jiangsu Changdang Lake Agricultural Technology Industrial Park Co., Ltd.* (江蘇長蕩湖農業科技產業園有限公司)
- since January 2021, he has been a supervisor of Changzhou Yijing Optoelectronics Technology Co., Ltd.* (常州億晶光電科技有限公司);
- since May 2017, he has been serving as an executive director and legal representative of Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司), a subsidiary of Jinsha Investment;
- since May 2017, he has been a director of Jiangsu Jintan Hualuogeng Technology Industry Development Co., Ltd.

Mr. Zhang has been a non-practising member of Beijing Institute of Certified Public Accountants in the PRC since September 2010.

Mr. Zhang obtained a junior college diploma in infrastructure finance from School of Water Resources, Yangzhou University* (揚州大學水利學院) in June 1994.

Mr. Li Yunxiang (李雲祥先生), aged 45, our non-executive Director. Mr. Li was appointed as our Director on 13 August 2019 and was designated as our non-executive Director on 10 December 2021. Mr. Li is mainly responsible for providing guidance for the overall development of our Group. Mr. Li also serves as a director of Fujian Company.

Since February 2018, Mr. Li has been a member of the party committee and a vice general manager of Jinyuan Investment and mainly responsible for the investment management, financial management and direct equity investment in Jiayuan Investment. Since January 2018, he has been the chairman of Jinyuan Capital Management (Xiamen) Co., Ltd.* (金圓資本管理(廈門)有限公司). From December 2007 to December 2020, Mr. Li served successively as the deputy general manager, general manager and chairman of Xiamen Financing Guarantee Co., Ltd.* (廈門市融資擔保有限公司, formerly known as Xiamen City Guaranty Co., Ltd.* (廈門市擔保有限公司)), and currently serves as a director of this company. Since January 2023, Mr. Li has served as the general manager of Xiamen Jinyuan Industry Investment Group Company Limited* (廈門金圓投資集團有限公司) and is fully responsible for daily operation. Since January 2023, Mr. Li has served as the chairman of the board of directors of Xiamen International Trust Co., Ltd.* (廈門國際信託有限公司).

Mr. Li also serves at various positions in Jinyuan Investment and its subsidiaries including:

- since July 2021, he has served as a director of Zhongbing Shunjing Equity Investment Management Co., Ltd.* (中兵順景股權投資管理有限公司);

- since December 2020, he has served as a director of Fujian Sangang (Group) Co., Ltd.* (福建三鋼(集團)有限公司);

- since June 2020, he has served as the director of Jinyuan President Securities Co., Ltd.* (金圓統一證券有限公司);

- since May 2020, he has served as a director of Xiamen Venture Capital Co., Ltd.* (廈門創業投資有限公司);

- since December 2018, he has served as a director of Jinyuan Industry Equity Investment Co., Ltd.* (廈門金圓股權投資有限公司);
- since June 2018, he has served as a director of Xiamen International Trust Co., Ltd.* (廈門國際信託有限公司);
- since April 2018, he has served as a director of Jinyuan Industry Jinkong Holdings Co., Ltd.* (廈門金圓金控股份有限公司);
- since March 2018, he has served as a director of Xiamen Asset Management Co., Ltd.* (廈門資產管理有限公司);
- since March 2018, he has served as a director of Xiamen Financial Holdings Co., Ltd.* (廈門金融控股有限公司); and
- since January 2018, he has served as the chairman and legal representative of Jinyuan Capital Management (Xiamen) Co., Ltd* (金圓資本(廈門)有限公司).

Mr. Li received the honor of "senior elite' high-level financial talent"* ("高級精英型"高層次金融人才) by the Xiamen Local Financial Supervision and Administration Bureau (廈門市地方金融監督管理局) in October 2020, and was awarded the "Tenth Batch of Top Talents in Xiamen" ("廈門市第十批拔尖人才") by the Xiamen Municipal People's Government in October 2019.

Mr. Li obtained a junior college diploma in finance from School of Finance and Economics, Jimei University* (集美大學) in July 1997 and a master's degree in business management from Xiamen University (廈門大學) in June 2008.

Independent non-executive Directors

Mr. Wu Guangquan (吳光權先生), aged 60, is our independent non-executive Director. Mr. Wu joined our Group and was appointed as an independent non-executive Director on 25 December 2021. Mr. Wu is primarily responsible for providing independent advice and judgment to our Board, thereby protecting the overall interest of our Company. Mr. Wu is the chairman of our Remuneration Committee and a member of our Audit Committee and Nomination Committee.

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

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

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

Mr. Wang Susheng (王蘇生先生), aged 54, is our independent non-executive Director. Mr. Wang joined our Group and was appointed as our independent non-executive Director on 25 December 2021. Mr. Wang is mainly responsible for supervising and providing judgment to our Board, thereby protecting the overall interest of our Company. Mr. Wang is the chairman of our Audit Committee.

Mr. Wang has extensive experience in investment, financial and corporate management. Since April 2017, Mr. Wang has been a professor and doctoral supervisor in the Department of Finance of Southern University of Science and Technology* (南方科技大學). From July 2003 to April 2017, Mr. Wang worked at the Economics and Management School of Harbin Institute of Technology Shenzhen Graduate School* (哈爾濱工業大學深圳研究生院) as a professor.

Mr. Wang also currently serves as independent director at Tianma and other listed companies including:

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

- Shahe Industrial Co., Ltd* (沙河實業股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000014) and principally engaged in real estate development and operation; and

- Guangdong Wedge Co., Ltd* (廣東萬澤實業股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000534) and principally engaged in real estate development.

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

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

Mr. Chen Zetong (陳澤桐先生), aged 52, is our independent non-executive Director. Mr. Chen joined our Group and was appointed as our independent non-executive Director on 25 December 2021. Mr. Chen is mainly responsible for supervising and providing judgment to our Board, thereby protecting the overall interest of our Company. Mr. Chen is the chairman of our Nomination Committee and a member of our Audit Committee and Remuneration Committee.

Mr. Chen has extensive experience on providing advice on corporate finance, dispute resolution and mergers and acquisition for listed companies and State-owned enterprises. Since August 2012, Mr. Chen has been a senior partner at Junzejun Law Offices (君澤君律師事務所). From 2010 to 2012, Mr. Chen was a counsel at King & Wood Mallesons (金杜律師事務所). From 1994 to 2010, Mr. Chen served at various positions at Shenzhen Intermediate People's Court where his last position was deputy chief judge at the Company Liquidation and Bankruptcy Tribunal of Shenzhen Intermediate People's Court* (深圳市中級人民法院(公司清算與破產審判庭)). From May 2014 to June 2020, he served as an independent director of Hubei Sanxia New Building Materials Co., Ltd. (湖北三峽新型建材股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600293). From November 2016 to 2019, Mr. Chen served as an independent non-executive director of Hong Kong New Sports Group Limited, a company whose shares are listed on the Main Board of Stock Exchange (currently known as Glory Sun Land Group Limited) (stock code: 00299).

Mr. Chen also currently serves as independent director at Tianma and other companies including:

- Sino Life Insurance Co., Ltd* (生命人壽保險有限公司);
- Sino Life Asset Management Co., Ltd* (生命保險資產管理有限公司);
- Sino Life Insurance Holding Joint Stock Limited Company* (生命保險控股股份有限公司); and
- Shenzhen Nanshan Power Co., Ltd* (深圳南山熱電股份有限公司), a company whose shares are listed on Shenzhen Stock Exchange (stock code: 000037) and principally engaged in production and operation of power supply, heating and general contracting of construction projects of power plants.

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

SUPERVISORS

Mr. Jiang Jinhua (姜金華先生), aged 50, is our Shareholder representative Supervisor and chairman of the Supervisory Committee. Mr. Jiang joined our Group on 7 February 2021 and was appointed as our Supervisor on the same day. Mr. Jiang is mainly responsible for supervising our Directors and senior management of our Company on fulfillment of their duties.

Since December 2020, Mr. Jiang has been the party secretary and chairman of the board of directors for Jintan Holding, and is mainly responsible for the party committee work of Jintan Holding. Since September 2021, Mr. Jiang has been the executive director and general manager of Jiangsu Jintan Zhonghe Investment Co., Ltd. Prior to joining our Group, Mr. Jiang served as party working committee secretary (黨工委書記) at Xicheng Sub-District of Jintan District* (金壇區西城街道) from March 2019 to December 2020. From May 2017 to March 2019, he was the director of the district committee office of Jintan District Committee Office* (金壇區委辦公室) where he was primarily responsible for the overall work and reform of the Jintan District Committee Office. Prior to that, he worked as deputy secretary of the party committee and town mayor (黨委副書記及鎮長) of Zhiqian Town, Jintan District* (金壇區指前鎮) from December 2013 to May 2017. From August 2006 to December 2013, Mr. Jiang worked at various positions at party committee of Jincheng Town, Jintan District* (金壇區金城鎮黨委) where his last position was deputy secretary of the party committee (黨委副書記) and director of Political Consultation Conference Working Committee (政協工委主任) of Jincheng Town of Jintan District, and is mainly responsible for the party building and work of the Political Consultative Conference Working Committee of Jincheng Town.

Mr. Jiang received his bachelor's degree in fine chemicals from Jiangsu Institute of Petrochemical Technology* (江蘇石油化工學院), (currently known as Changzhou University (常州大學)) in June 1996.

Ms. Cheng Yan (程雁女士), aged 48, is our Shareholder representative Supervisor. Ms. Cheng joined our Group on 13 August 2019 and was appointed as our Supervisor on the same day. Ms. Cheng is mainly responsible for supervising our Directors and senior management of our Company fulfillment of their duties. Ms. Cheng possesses extensive experience in the fields of financial and corporate governance. Ms. Cheng joined Chengfei Integration since January 2002, a company primarily engaged in the design, development and manufacturing of the tools and dies, with typical products such as the dies for the large and high-grade outer skin panels used in medium and high-grade cars and has successively served as various positions including person in charge of planning department, manager of planning and development department, management department and securities department, manager of the project management department, the vice general manager, financial manager, board secretary and director of Chengfei Integration. Currently Ms. Cheng is mainly responsible for Chengfei Integration's finance work, information disclosure related matters, management of relationship with investors and dealing with matters in relation to the board meetings.

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

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

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

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

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

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

Ms. Nian Mingzhu (念明珠女士), aged 36, is our employee representative Supervisor. Ms. Nian joined our Group on 15 July 2019 and was appointed as our Supervisor on 15 September 2020. She is mainly responsible for supervising our Directors and senior management of our Company on fulfillment of their duties. Apart from being our Supervisor, she worked as an equipment procurement director at Xiamen Company from July 2019 to September 2020 and has been the equipment procurement director of our Company since September 2020. Ms. Nian is mainly responsible for supervising our Group's equipment procurement. Ms. Nian also serves as a supervisor for Hefei Company, Chengdu Company, Shenzhen Research Institute, Xiamen Company, Fujian Company, Jiangmen Company and Sichuan Company.

Prior to joining our Group, Ms. Nian worked at Xiamen Tianma Microelectronics Co., Ltd.* (廈門天馬微電子有限公司), a subsidiary of Tianma, successively as capital accountant, asset accountant and auditor from July 2011 to July 2019 and was mainly responsible for its daily capital management, asset accounting, annual audit of the financial statements of overseas subsidiaries, various special management audits and accountability audits of the senior management.

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

SENIOR MANAGEMENT

Ms. Liu Jingyu (劉靜瑜女士), aged 53, is the chairwoman of the Board, our executive Director and chief executive officer of our Company. For the biography of Ms. Liu, please see "Directors – Executive Directors" of this section.

Dr. Pan Fangfang (潘芳芳博士), aged 38, joined our Group on 8 December 2015 and was appointed as senior vice president and chief technology officer of our Company on 5 September 2019. She is mainly responsible for the market strategy, product strategy, R&D, intellectual property of our Group. Dr. Pan also served as the person-in-charge of Shanghai Branch Co. of the Company on 28 July 2022.

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

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

Dr. Pan received many honors, including:

- In May 2022, she was awarded the "Ten Outstanding Young People in Changzhou" (常州市十大傑出青年) by Changzhou Municipal Committee of the Communist Youth League and Changzhou Daily;
- In March 2022, she was awarded the "March 8 Red Flag Bearer of Jiangsu Province" (江蘇省三八紅旗手) by the People's Government of Jiangsu Province;
- In March 2022, she was awarded the "Most Beautiful Woman of Changzhou" (常州市最美巾幗人物) by the People's Government of Jiangsu Province;
- In October 2021, she was awarded the "Top Talent of Changzhou 'Dragon City Talent Program'" (常州市"龍城英才計劃"頂尖人才) by Changzhou Talent Work Leading Group Office;
- in February 2021, she was awarded the honorary title of "2020 Outstanding Entrepreneur" (2020年度優秀企業家) by the People's Government of Jintan District, Changzhou City;
- in February 2021, she was awarded the honorary title of "2016-2020 Advanced Person of Moving Jintan" (2016-2020 年感動金壇先進人物) by the People's Government of Jintan District, Changzhou City;
- in June 2019, she was appointed as a member of the Technical Committee of Jiangsu Power and Energy Storage Battery Industry Innovation Alliance* (江蘇省動力及儲能電池產業創新聯盟技術委員會);
- in April 2019, she was awarded the honorary title of "Outstanding Expert of Luoyang City" (洛陽市優秀專家) by the People's Government of Luoyang City;
- in January 2019, she was awarded the honorary title of "Leader of Academic Technology in Henan Province" (河南省學術技術帶頭人) by the People's Government of Henan Province;

- in January 2019, she was awarded the second prize of Henan Science and Technology Progress Award (河南省科學技術進步獎) by the People's Government of Henan Province for the project of "Technology Development of High Specific Energy EV Battery Based on Hybrid Cathode Material" (基於混合正極材料的高比能量動力電池技術開發);

- in October 2017, she was awarded the honorary title of "Winner of Luoyang Youth Science and Technology Award" (洛陽市青年科技獎獲獎者) by the Luoyang Talent Work Leading Group (洛陽市人才工作領導小組);

- in September 2017, she was awarded the second prize of the Fujian Science and Technology Progress Award by the People's Government of Fujian Province (福建省科學技術進步獎) for the project of "High-Safety Ceramic Separator and Its Application in Power Lithium-ion Batteries" (高安全陶瓷隔膜及其在動力鋰離子電池中的應用);

- in December 2016, she was awarded the second prize of Henan Science and Technology Progress Award (河南省科學技術進步獎) by the People's Government of Henan Province for the project of "High Safety CAM72FI Metal Shell Lithium-ion EV Battery" (高安全性 CAM72FI 金屬殼鋰離子動力電池);

- in July 2015, she was awarded the first prize of the Luoyang Science and Technology Progress Award (洛陽市科學技術進步獎) by the Luoyang Municipal People's Government for the project of "CAM72FI Metal Shell Battery Development" (CAM72FI 金屬殼電池研製); and

- in March 2015, she was awarded the honorary title of "Outstanding Scientific and Technological Worker" (優秀科技工作者) by AVIC. Dr. Pan obtained her doctoral degree in physical chemistry from University of Science and Technology of China (中國科學技術大學) in June 2011.

Mr. Dai Ying (戴穎先生), aged 44, is our executive Director (employee representative Director), senior vice president and joint company secretary of our Company. For the biography of Mr. Dai, please see "Directors – Executive Directors" of this section.

Mr. Geng Yan'an (耿言安先生), aged 40, joined our Group on 1 July 2018 and was appointed as senior vice president on 6 August 2018, responsible for the procurement and information technology work of our Group. Mr. Geng is the general manager of Chengdu Company and the manager of Materials Company. Mr. Geng is also a director and the general manager of Sichuan Company.

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

Ms. Gao Yan (高豔女士), aged 39, joined our Group on 20 April 2020 and was appointed as vice president on 25 April 2020. Ms. Gao is the financial controller of our Group and mainly responsible for the financial and human resources of our Group. She also acts as a director of Chengdu Company.

Ms. Gao has over 15 years of experience in finance. Prior to joining our Group, she worked successively at Tianma as a financial accountant from April 2008 to May 2010, as a financial manager from June 2010 to April 2015 and as financial controller from May 2015 to April 2020, where she was primarily responsible for the operation of accounting body of Tianma.

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

Mr. Wang Xiaoqiang (王小強先生), aged 38, joined our Group on 8 December 2015 and was appointed as vice president of our Company on 15 November 2021. Mr. Wang is mainly responsible for the manufacturing technology and quality of our group, coordinating the development of energy storage business of our Group. Mr. Wang has been the general manager of CALB (Jiangsu) Co., Ltd.* since 23 June 2021 and has served as deputy secretary of the party committee and deputy dean of research institute of the company since September 2018. Mr. Wang served as the legal representative, director and general manager of Jiangsu Power and Energy Storage Battery Innovation Center Co., Ltd.* since 1 November 2021. Mr. Wang served as the general manager and legal representative of CALB (Hefei) Co., Ltd.* since 20 April 2022. Mr. Wang served as the legal representative and general manager of CALB Technology Co., Ltd.* since 1 February 2023.

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

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

Mr. He Fan (何凡先生), aged 45, joined our Group on 20 August 2018 and was appointed as vice president of our Company on 15 November 2021. Mr. He is responsible for the manufacturing operations, engineering construction, environmental safety of our group. Mr. He also acts as the general manager of Wuhan Company.

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

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

Mr. Xie Qiu (謝秋先生), aged 40, joined our Group on 8 December 2015 and was appointed as vice president of our Company on 15 November 2021. Mr. Xie is mainly responsible for the sales of in-vehicle business and research and development of in-vehicle battery products of our Group.

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

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

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

JOINT COMPANY SECRETARIES

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

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

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

Corporate Governance Report

The Board hereby presents the corporate governance report (the "**Corporate Governance Report**") of the Company for the year ended 31 December 2022.

Corporate Governance Practices

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

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules as its own corporate governance code since the listing date. Since the listing date and up to the end of the Reporting Period, the Company has complied with all the applicable code provisions set out in the CG Code, except for the following deviations:

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

Ms. Liu Jingyu is the chairwoman of the Board as well as the president of our Company, mainly responsible for overall strategic planning and operational decision of the Group. Taking into consideration the Company's current situation, the Board believes that vesting the roles of both chairwoman 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 consider that the balance of responsibility and authority under the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. Under the leadership of Ms. Liu Jingyu, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of our Company.

The Board will continue to review its corporate governance practices to ensure that it continues to comply with the CG Code and is in line with the latest developments of the regulatory authorities.

Culture

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

Values: sincerity, efficiency and win-win.

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

- All around technology advancement strategy
- Scaling-up strategy
- Promoting a sustainable industry development

BOARD OF DIRECTORS

Composition of the Board

The Board delegates certain responsibilities to various dedicated committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee in accordance with relevant PRC laws, regulations, the Articles of Association and the Listing Rules. The appointment of the respective committee members was approved by the Shareholders at the Shareholders' general meeting on 25 December 2021.

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

Executive Directors

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

Non-executive Directors

Mr. Zhou Sheng
Mr. Zhang Guoqing
Mr. Li Yunxiang

Independent non-executive Directors

Mr. Wu Guangquan (appointed on 6 October 2022)
Mr. Wang Susheng (appointed on 6 October 2022)
Mr. Chen Zetong (appointed on 6 October 2022)

The biographical details of the Directors are set out in the section of "Profile of Directors, Supervisors and Senior Management" of this report. To the best knowledge of the Directors, none of them has any personal relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, the chairwoman and the chief executives of the Company. The Company considers that the composition of the Board has been well balanced. Each of the Directors has the relevant experience, knowledge and expertise 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.

Responsibilities, accountabilities and contributions of the Board and 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 reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

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

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

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

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

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

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

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

Continuous professional development of Directors

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

During the year ended 31 December 2022, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the CG Code:

Training programs for Directors

No.	Training programs	Date	Organizers	Hours for training	People for the trainings
1	Securities Laws and Regulations and Relevant Rules of Exchanges	26 October 2022	Office of the Board of CALB Group Co., Ltd.	3 hours	Liu Jingyu, Dai Ying, Zhou Sheng, Zhang Guoqing, Li Yunxiang, Wu Guangquan, Chen Zetong and Wang Susheng
2	Insider Trading Prevention and Control	26 October 2022	Office of the Board of CALB Group Co., Ltd.	1 hour	
3	Rules of Procedure for Board Meetings	26 October 2022	Office of the Board of CALB Group Co., Ltd.	1 hour	
4	Investor Relations Management	26 October 2022	Office of the Board of CALB Group Co., Ltd.	1 hour	
5	Interests Disclosure System	26 October 2022	Office of the Board of CALB Group Co., Ltd.	1 hour	

Learning materials for Directors

No.	Name of the Materials	Name of publishers/producers	Hours for reading	People for the readings
1	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited	The Stock Exchange of Hong Kong Limited	8 hours	Liu Jingyu, Dai Ying, Zhou Sheng, Zhang Guoqing, Li Yunxiang, Wu Guangquan, Chen Zetong and Wang Susheng
2	Articles of Association of CALB Group Co., Ltd.	CALB Group Co., Ltd.	3 hours	
3	Information Disclosure Management System	CALB Group Co., Ltd.	1 hour	
4	Rules of Procedure for Board Meetings	CALB Group Co., Ltd.	1 hour	
5	China Corporate Governance Report: Transparency and Information Disclosure	Fudan University Press	15 hours	

Appointment, re-election and removal

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

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

When a Director's resignation becomes effective or his term of office expires, he shall duly carry out all handover procedures with the Board. His fiduciary obligations to the Company and Shareholders shall not necessarily terminate from the end of his 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 duties, and the Board shall propose to replace such Director at the general meeting.

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 2022 and considers all the independent non-executive Directors to be independent. The Board will assess its independence annually.

Board meetings

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

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

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

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

Directors' attendance records

During the period from the Listing Date (6 October 2022) to the end of this report, two Board meetings were held and no general meeting was held. The attendance records of Directors are set out below:

	Meetings of the Board Attendance rate/Number of meetings	General meetings Attendance rate/Number of meetings
Ms. Liu Jingyu	2/2	0/0
Mr. Dai Ying	2/2	0/0
Mr. Zhou Sheng	2/2	0/0
Mr. Zhang Guoqing	2/2	0/0
Mr. Li Yunxiang	2/2	0/0
Mr. Wu Guangquan	2/2	0/0
Mr. Wang Susheng	2/2	0/0
Mr. Chen Zetong	2/2	0/0

During the period from the Listing Date to the end of this report, one meeting was held between the chairwoman of the Board and the independent non-executive Directors without the presence of other Directors.

From 1 January 2023 onwards, the Board will hold at least four regular meetings every year as and when appropriate in accordance with the CG Code, either in person or through electronic means of communication. Apart from regular Board meetings, the Chairwoman will also hold one meeting annually with the independent non-executive Directors without the presence of other Directors.

Chairwoman and president

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairwoman and the president should be separate and should not be performed by the same individual. Ms. Liu Jingyu is the chairwoman of the Board and the president of the Company, mainly responsible for the overall strategic planning and operational decision-making of the Group. Taking into consideration the Company's current situation, the Board believes that vesting the roles of both chairwoman of the Board and president in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Directors also consider that the balance of responsibility and authority under the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. Under the leadership of Ms. Liu Jingyu, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committee, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

Appointment and terms of non-executive directors

Pursuant to the Article 109 of the Articles of Association, Directors shall be elected or replaced at the general meetings for a term of 3 years. Upon expiration of the term of office, a Director shall be eligible to offer himself for reelection and re-appointment, but the term of office of an independent Director shall not exceed 6 years, unless otherwise provided by relevant laws, regulations and the listing rules of the stock exchange where the Company's shares are listed. The term of office of a Director shall commence from his accession till the expiry of the term of the current session of the Board. Where election of Directors fails to be timely conducted upon expiry of the term of office of the former Directors, the former Directors shall, prior to the accession of the newly elected directors, perform their duties as directors in accordance with laws, administrative regulations, departmental rules and the Articles of Association.

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

Board committees

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

Audit Committee

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

The primary duties of the Audit Committee are mainly to:

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

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

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

(iv) reviewing the Company's policies and practices on corporate governance issues, including but limited to training and continuous professional development of Directors and senior management, and the Company's compliance with legal and regulatory requirements and the CG Code;

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

Our Audit Committee comprises of three members, namely Mr. Wang Susheng (Chairman), Mr. Wu Guangquan and Mr. Chen Zetong. From the Listing Date to the end of the Reporting Period, the Audit Committee held two meetings and the work performed by the Audit Committee is summarised as follows:

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

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

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

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

(5) reviewing the effectiveness of the Group's risk management and internal control systems.

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

	Attendance rate/ Number of meetings
Mr. Wang Susheng *(Chairman)*	2/2
Mr. Wu Guangquan	2/2
Mr. Chen Zetong	2/2

The Company's annual report and annual results announcement for the year ended 31 December 2022 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Remuneration Committee

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

The primary duties of the Remuneration Committee are to:

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

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

(iii) to be delegated by the Board to determine the remuneration packages of individual executive Directors and senior management or to recommend to the Board the remuneration packages of individual executive Directors and senior management; and

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

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

From the Listing Date to the end of the Reporting Period, the Remuneration Committee held one meeting and the work performed by the Remuneration Committee was summarised as follows: (1) reviewing the appropriateness of the remuneration policy; and (2) evaluating the performance of Directors and senior management of the Group.

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

	Attendance rate/ Number of meetings
Mr. Wu Guangquan *(Chairman)*	1/1
Ms. Liu Jingyu	1/1
Mr. Chen Zetong	1/1

Pursuant to code provision E.1.5 of the CG Code, the emoluments of senior management during the year ended 31 December 2022 fell with the following bands. The following remuneration includes: salaries, allowances, equity-settled share-based payments and contributions to retirement benefits schemes. Details of the remuneration components are set out in note 18 and note 51 to the consolidated financial statements.

Remuneration level	**Number of persons**
RMB1,500,001 to RMB2,000,000	1
RMB2,000,001 to RMB2,500,000	1
RMB2,500,001 to RMB3,000,000	0
RMB3,000,001 to RMB3,500,000	0
RMB3,500,001 to RMB4,000,000	2
RMB7,000,001 to RMB7,500,000	0
RMB8,500,001 to RMB9,000,000	0
RMB9,000,001 to RMB9,500,000	2
RMB12,000,001 to RMB12,500,000	1
RMB16,500,001 to RMB17,000,000	0
RMB22,000,001 to RMB22,500,000	1

REMUNERATION POLICY

The remuneration system of the Company includes basic remuneration, bonuses and employee benefits. The company strictly abides by national regulations and pays social security for employees in full every month. 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 based on the remuneration concept of 3P1M (person performance position market), which 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 A+ABC 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.

Our executive Directors receive, in their capacity as our employees, compensation in the form of salaries and benefits-in-kind, including our contributions to the pension scheme for our executive Directors, according to the laws of the PRC. The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to pension scheme) for our Directors and Supervisors for the years ended 31 December 2021 and 2022 was approximately RMB24,377,000 and RMB31,968,000, respectively. None of our Directors waived any remuneration during the aforesaid periods.

The information of the five highest paid individuals of the Company for the year ended 31 December 2022 is set out in note 17 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.

Nomination Committee

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

The primary duties of the Nomination Committee are to:

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

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

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

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

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

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

The Nomination Committee consists of three members, namely Mr. Chen Zetong (Chairman), the independent non-executive Director, Ms. Liu Jingyu, the executive Director and Mr. Wu Guangquan, the independent non-executive Director. From the listing date to the end of the reporting period, the Nomination Committee held one meeting and the work performed by the Nomination Committee is summarised as follows:

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

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

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

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

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

	Attendance rate/ Number of meetings
Mr. Chen Zetong *(Chairman)*	1/1
Ms. Liu Jingyu	1/1
Mr. Wu Guangquan	1/1

Nomination Policy

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

Corporate Governance Functions

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

Joint Company Secretaries

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

In accordance with Rule 3.29 of the Listing Rules, Mr. Dai and Mr. Cheung have confirmed that they have taken no less than 15 hours of relevant professional training for the year ended 31 December 2022.

Directors and Supervisors Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors and Supervisors of the Company. Having made specific enquiries with all Directors and Supervisors, the Company confirmed that they have complied with the Model Code since the Listing Date and up to the end of the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board has established a supervision mechanism for the bidding and procurement process, supervised by internal control team to impose control on compliance in the process of reviewing potential candidates' qualifications and bidding document and in the tender process, providing consulting services to business activities on bidding and procurement risks.

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

Risk Management System

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

- Risk identification: identify risks that may affect the Group's operation and business.

- Risk evaluation: analyze the possibility of the risk and its impact on the Group's business and evaluate risk portfolios accordingly.

- Management: determine the risk management strategy and internal monitoring process to prevent, avoid or mitigate risks; constantly monitor the risks and ensure the establishment of an effective and appropriate internal monitoring process; regularly report the results and effectiveness of the risk management and internal monitoring to the Board.

For the major risks faced by the Company/the Group, please refer to the paragraph headed "Risks and Uncertainties" in the "Directors' Report" of this annual report.

Internal Control System

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

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

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

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

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

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

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

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

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

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

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

In order to standardize the Company's capital management and strengthen internal control, the Company has released a receivables and financing management procedure and supervises its implementation on a real-time basis to ensure the Company's receivables quality and optimal financing costs and effectively control capital risks.

Based on the internal monitoring review conducted for the year ended 31 December 2022, no material internal monitoring deficiencies were identified.

Internal Audit Function

The Company has established a professional internal control team, which is responsible for establishing risk management and internal control systems, conducting internal audit and providing internal control consultation for the Board. As of the end of the reporting period, the members of our internal control management team have an average of more than 5 years of relevant work experience, and hold relevant professional certificates.

Effectiveness of Risk Management and Internal Control Systems

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

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

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

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

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

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

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

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

Anti-corruption

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

Whistle-blowing Policies

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

Auditor's emoluments

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

Items	Charges (RMB'000)
Audit services	
— IFRS-based annual audit of financial statements	3,226
— CAS-based annual audit of financial statements	425
Listing-related services	16,999
Non-audit services (note)	1,293

Note: The non-audit services mainly include interim financial statements review service and tax related services.

BOARD DIVERSITY POLICY

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

Our Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, sales, legal compliance and corporate investment and finance. The ages of our Directors range from 44 years old to 60 years old, and we have both male and female representatives on the Board, which is in line with the regulations on gender diversity of directors in the Listing Rules. Our Nomination Committee will review and assess the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, our Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity on the Board.

The Nomination Committee has made below recommendations to the Board on the measurable objectives for the implementation of the Board Diversity Policy and Nomination Policy: (1) at least 80% of Board members have college education background;(2) at least 80% of Board members have relevant working experiences in China; (3) at least one female Director is appointed; and (4) at least one third of the Board members are independent non-executive Directors. The Nomination Committee will review the Board Diversity Policy and Diversity Profile in due course and at least once every year to ensure they are continuously effective from time to time and, if necessary, make any necessary changes and recommend any such changes to the Board for consideration and approval. The Board confirmed that the measurable objectives had been achieved at the end of the Reporting Period. The Nomination Committee will disclose the implementation of the Board Diversity Policy in the Company's Corporate Governance Report on an annual basis.

In addition, as of 31 December 2022, the Group had 7,695 employees, including 5,875 male employees and 1,820 female employees, accounting for 76.35% and 23.65%, respectively. The overall headcount remained stable and satisfied the requirement of employee gender diversity. We are aiming to achieve a more balanced gender ratio in the workforce in the future and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. Our Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing diversity under the CG Code. Our Nomination Committee will review our diversity policy on annual basis and to ensure its continued effectiveness.

Board Independence/Mechanism

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

DIVIDEND POLICY

The Company did not pay or declare any dividends during the Track Record Period. The Company currently does not have a pre-determined dividend payout ratio. The Board may declare and our Company may pay dividend after taking into account our results of operations, future business development strategies and other factors that may be deemed as relevant.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for preparing the financial statements of the Company for each financial year and ensures that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures that the financial statements are published in a timely manner in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties or circumstances that may materially affect the Company's ability to continue as a going concern. The statement of the auditor of the Company regarding their reporting responsibilities and opinions on the financial statements is set out in the Independent Auditor's Report on pages 80 to 219 of this report.

SHAREHOLDERS' RIGHTS

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

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 74, pursuant to which two or more shareholders holding over 10% of our 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 or a class meeting and explain the agenda for the meeting. The Board shall deliver written reply stating its agreement or disagreement for convening such extraordinary general meeting or class meeting as soon as possible upon receipt of the proposal. The number of shares for purpose of this paragraph shall be the number of shares held on the date on which the Shareholders put forward the written request. Should the Board fail to issue a notice of such a meeting within 30 days from the date of receipt of the request, the Shareholders may submit in writing to the Supervisory Committee and convene an extraordinary general meeting or class meeting. Should the Supervisory Committee fail to deliver the notice for convening an extraordinary general meeting within 30 days from the date of receipt of the abovementioned notice, Shareholders who hold more than 10% of the shares with voting rights on such meeting to be convened, either individually or jointly, for a consecutive period of more than 90 days may convene on their own within 4 months from the receipt of the request by the Board. The procedures for convening shall be the same, to the greatest possible extent, as those for convening a general meeting by the Board.

Our Company shall be responsible for the reasonable fees incurred by the Shareholders in convening an extraordinary general meeting due to the failure of the Board to convene the meeting. Our Company shall deduct such fees from the amount owed by our Company to the Directors and Supervisors who have neglected their duties.

For a Shareholder request to propose new resolutions at the general meeting, the procedures should be adopted in compliance with the Article 75, pursuant to which when our Company convenes a general meeting, Shareholders holding more than 3% of our Company's voting shares shall have the right to put forward new proposals in writing to our Company and submit them to the convener of a general meeting ten days prior to the meeting. The convener shall issue a supplementary notice of the general meeting within 2 days after receipt thereof, notify other Shareholders, and include the proposed matters which are within the power of the general meeting as matters to be considered at the general meeting.

Procedures for Making Enquiries

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

Tricor Investor Services Limited

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

E-mail: is-enquiries@hk.tricorglobal.com

Tel: (852) 2980 1333

Fax: (852) 2810 8185

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

Recipient: Office of the Board of CALB GROUP CO., LTD.

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

E-mail: Ir@calb-tech.com

Tel: 86-051968903688-664580

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 the Article 109, Directors shall be elected or replaced at the general meetings. According to the Article 60(8), shareholders who individually or collectively hold more than 3% of the Company's shares shall have the rights to propose interim resolutions and submit them in writing to the Board 10 days prior to the general meeting. Accordingly, if a Shareholder proposes to nominate a candidate for election as a Director, such notice of intent and a notice signed by the nominated candidate indicating his/her willingness to accept the appointment shall be duly lodged with the Company's registered office for the attention of the Company Secretary and the Board of our Company.

Further 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.

INVESTOR RELATIONS

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

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

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

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

The Board regularly reviews the Shareholders' Communication Policy on an annual basis to ensure its effectiveness. After reviewing the various measures, the Board is of the view that the Shareholders' Communication Policy for the year ended 31 December 2022 has been properly implemented and effective.

AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association were conditionally adopted by the Company on 25 December 2022 and became effective on the Listing Date. On 28 December 2022, the Board proposed to amend the Articles of Association. The amended Articles of Association were considered and approved at the extraordinary general meeting on 31 January 2023 and became effective on the same day. For details of the amendments to the Articles of Association, please refer to the announcements of the Company dated 28 December 2022, 6 January 2023 and 31 January 2023. The Articles of Association are available on the respective websites of the Company and the Stock Exchange.

CHANGE OF COMPANY NAME

On 28 December 2022, the Board proposed to change the Chinese name of the Company from "中創新航科技股份有限公司" to "中創新航科技集團股份有限公司", and the resolution regarding the change of company name was considered and approved at the extraordinary general meeting on 31 January 2023. On 17 February 2023, the Company received a new business license dated 17 February 2023 from Changzhou Municipal Administration of Market Regulation, and the new Chinese name of the Company became effective on the same date. For details of the change of company name, please refer to the announcements of the Company dated 28 December 2022, 6 January 2023, 31 January 2023 and 17 February 2023.

Directors' Report

The Board of the Company is pleased to present this Directors' Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is a joint stock limited company incorporated in Changzhou City, Jiangsu Province under the Company Law of the PRC and listed on the Hong Kong Stock Exchange on 6 October 2022. The Group is mainly engaged in the design, R&D, production and sales of EV batteries and ESS products. The Group has built a comprehensive energy operation system to provide perfect product solutions and full life cycle management for the all-scenario application market of new energy represented by power and energy storage.

Details of the business of the Company's subsidiaries are set out in the financial statements. There was no material change in the nature of the Company's principal activities for the year ended 31 December 2022. For further discussion and analysis on principal activities, please refer to the "Management Discussion and Analysis" section of this annual report.

BUSINESS REVIEW

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

RESULTS

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

RISKS AND UNCERTAINTIES

- ### Technology risk

  The Company focuses on the new energy vehicle industry chain. The iteration cycles of new energy vehicle technology are relatively short and if the technologies and products of upstream EV battery enterprises fail to respond to the iterative demand of new energy vehicle technology in a timely manner, it may lead to risks arising from a decline in product competitiveness and deterioration of financial performance.

  The Company is committed to maintaining technological innovation and leadership in advanced chemical energy storage materials, intelligent manufacturing technology, high-performance battery and system technology, new batteries and battery life cycle management, ensuring the competitive advantages of products in the application field. In the future, the Company will accelerate the implementation of the dual-driven strategy of power and energy storage, seizing the development opportunities of the energy storage market against the backdrop of dual-carbon target, supported by our existing EV battery business to explore new business segments.

- ### Market risk

  In the context of the national "dual-carbon" target, the Company is set to identify changes in customer preferences and needs in a timely manner by reducing product carbon footprint and enhancing product competitiveness following the increasing demand for carbon reduction in the whole industry chain of new energy vehicles, otherwise it will result in losses of revenue and market shares.

By putting in more efforts in promoting carbon management, the Company has been leading environmental friendly and sustainable development with "zero-carbonization". Based on the EU's PEFCR method and computation used in Gabi software modelling to analyze the carbon emissions of the product life cycle, the Company identified critical points of product carbon footprint reduction and promoted the coordinated carbon reduction of the whole supply chain to meet the demand for carbon reduction of the whole industry chain.

- Environmental risk

Extreme weather conditions such as typhoons, extreme rainfall and floods may cause disruptions to the production and operation of factories. Should there be any damage in sewage equipment, the treatment capacity of "three wastes" of the factory will be undermined, posing a threat against the safety of the surrounding environment. The occurrence of drought weather may result in a shortage of clean energy power in the region, giving rise to the probability of production and business interruption.

The Company has formulated documents such as the "Emergency Preparation and Response Control Management Procedures"《應急準備和響應控制管理程序》 and "Emergency Management Regulations"《應急管理規定》, and has prepared relevant emergency rescue plans for extreme climate change, such as flood, lightning, cold wave, typhoon and high temperature, so as to ensure the continuity of the Company's business operations under extreme conditions. The Company took the initiative to explore the application path of rooftop photovoltaic and ground source heat pump, and applied rooftop photovoltaic in both existing and new bases to reduce reliance on external electricity.

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

FINANCIAL REVIEW

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

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 44 to the consolidated financial statements.

SUBSIDIARIES

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

DIVIDENDS

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2022.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is not exposed to any significant environmental risks. During the Reporting Period, the Group was not subject to any fines or other penalties for the non-compliance with environmental protection laws and regulations.

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

LEGAL PROCEEDINGS AND COMPLIANCE

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

USE OF PROCEEDS FROM LISTING

The H Shares of the Company were listed on the Main Board of the Stock Exchange on 6 October 2022 (the "**Listing Date**"). The Company issued a total of 265,845,300 ordinary shares of RMB1.00 each at a price of HK$38.00 per share, total proceeds from the listing amounted to HK$10,102.12 million under the Global Offering. After deducting the underwriting fees, commissions and estimated expenses, the total net proceeds from the listing amounted to approximately HK$9,980.10 million. The listing proceeds are and will continue to be utilized in accordance with the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 23 September 2022 (the "**Prospectus**"), namely:

Items	Approximate percentage of total net proceeds (%)	Net proceeds from the listing available for use (in HK$ million)	Net actual utilisation as at 31 December 2022 (in HK$ million)	Net unutilised as at 31 December 2022 (in HK$ million)	Expected timeline for balance of net proceeds
To fund part of the expenditure for the construction of new production facilities of the Company in Chengdu Phase I Project, Wuhan Phase II Project, Hefei Phase I and II Project, Guangdong Jiangmen Phase I Project and Sichuan Meishan Project, totalling 95GWh of EV batteries and energy storage system production lines	80.0	7,984.08	3,718.05	4,266.03	By 31 December 2024
For advanced technologies research and development	10.0	998.01	0.00	998.01	By 31 December 2023
For working capital and general corporate purposes	10.0	998.01	32.24	965.77	By 31 December 2023
Total	100.0	9,980.10	3,750.29	6,229.81	

Save as disclosed above, the Group has not utilized any other listing proceeds since the Listing Date and will continue to gradually utilize the remaining net proceeds in accordance with the intended use as set out in the Prospectus. The expected timetable is based on the Company's current best estimate of future market conditions and business operations, and will be adjusted according to the development of future market conditions and actual business needs.

RESERVES

Details of movements in the reserves of the Group and the Company as of 31 December 2022 are set out in the consolidated statement of changes in equity and note 45 to the financial statements, respectively.

The Group's reserves available for distribution as at 31 December 2022, calculated in accordance with the applicable laws of the PRC, the place of incorporation of the Company, amounted to approximately RMB433,996,000.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group for the year ended 31 December 2022 are set out in note 21 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales amount and purchase amount of the Group's major customers and suppliers for the year ended 31 December 2022 are as follows:

Sales amount

– The largest customer	39.5%
– Total of the five largest customers	75.0%

Purchase amount

– The largest supplier	24.7%
– Total of the five largest suppliers	47.9%

The Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) do not have any interest in any of the abovementioned major suppliers or customers.

EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreement in 2022 and no such agreement existed at the end of 2022.

PERMITTED INDEMNITY PROVISION

The Company maintained appropriate liability insurance for Directors and officers of the Company and such permitted indemnity provision for the benefit of Directors is still in force and continued to be in force for the year ended 31 December 2022. Apart from this, the Company had no other valid permitted indemnity provisions during the Reporting Period and at the time of approval as at the date of this annual report.

ISSUED DEBENTURE

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

DONATION

For the year ended 31 December 2022, the Group made charitable and other donations totalling RMB6,050,000.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended 31 December 2022.

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this annual report are:

Executive Directors

Ms. Liu Jingyu *(chairwoman and president)*
Mr. Dai Ying

Non-executive Directors

Mr. Zhou Sheng
Mr. Zhang Guoqing
Mr. Li Yunxiang

Independent Non-executive Directors

Mr. Wu Guangquan (appointed on 6 October 2022)
Mr. Wang Susheng (appointed on 6 October 2022)
Mr. Chen Zetong (appointed on 6 October 2022)

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

All of the executive Directors, independent non-executive Directors and Supervisors of the Company have entered into service contracts or letters of appointment with the Company, respectively. The term of office of each Director is thereafter renewed annually by mutual consent, unless terminated by either party giving to the other not less than three months' prior written notice. In accordance with Article 109 of the Articles of Association of the Company, the Directors shall be elected or replaced at the general meetings, with a term of three years. Upon expiry of the term of office, the Directors may be re-elected, but the term of office of an independent Director shall not exceed six years (unless the term of office of an independent Director is otherwise provided for by relevant laws, regulations and the listing rules of the exchange where the Company's shares are listed).

Save as disclosed above, none of the Directors or Supervisors has entered into any Director's or Supervisor's service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, the Directors of the Company's subsidiaries or their respective associates has an interest in any business which competes or is likely to compete (whether directly or indirectly) with the business of the Company and its subsidiaries for the year ended 31 December 2022 (except for directors and/or directors of their subsidiaries and their respective associates).

Continuing Connected Transactions

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

I. Sales Framework Agreement

On 6 April 2022, the Company entered into the sales framework agreement (the "**Sales Framework Agreement**") with CALB USA, the distributor in the USA, pursuant to which the Group will sell EV batteries to CALB USA for a term of one year commencing from the date of the Sales Framework Agreement, subject to renewal upon the mutual agreement of both parties. The sales prices for EV batteries are determined with reference to the sales price to our domestic clients and taking into account of the price premium of the U.S. market. As CALB USA is owned as to 40% by Luoyang Company and hence an associate of Jintan Holding, therefore CALB USA is a connected person of the Company. The transactions with CALB USA constitute continuing connected transactions of the Company.

The annual cap for above continuing connected transaction for the year ended 31 December 2022 was RMB60 million, and the actual transaction amount for the year ended 31 December 2022 was approximately RMB53.69 million.

II. Entrusted Processing Framework Agreement

On 31 December 2021, Luoyang Company entered into the entrusted processing framework agreement with the Company (the "**Entrusted Processing Framework Agreement**"), which was amended by a supplemental agreement dated 3 March 2022, pursuant to which the Company agrees to entrust Luoyang Company and Luoyang Company agrees to provide processing services of EV battery products for civil use and ESS products (collectively referred to as "**Lithium Batteries**") for the Company for a term of one year commencing from 1 January 2022 and ending on 31 December 2022, which have been renewed on the extraordinary general meeting dated 18 January 2023. Luoyang Company will be responsible for the raw materials, front line workers and technicians whose licences and qualifications are approved by us and completing the production and processing. The fees to be paid for Lithium Batteries are determined with reference to the cost of processing and producing Lithium Batteries and the prevailing market price of processing services in the same or proximity areas charged by independent third parties. The Group and Luoyang Company will also enter into specific entrusted processing agreement in respect of the detailed terms of the processing services. Jintan Holding directly and indirectly held approximately 25.54% issued Shares of the Company and is one of the substantial shareholders of the Company. Luoyang Company is indirectly owned as to 51% by Jincheng Technology and Jincheng Technology is wholly owned by Jintan Holding, a substantial shareholder of the Company, and hence Luoyang Company is an associate of Jintan Holding and a connected person of the Company. Therefore, the transaction with Luoyang Company constitutes continuing connected transactions.

The annual cap for above continuing connected transaction for the year ended 31 December 2022 was RMB3,500 million, and the actual transaction amount for the year ended 31 December 2022 was approximately RMB3,486.06 million.

III. The General Contracting Agreements for Construction Projects

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

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

The annual cap for above continuing connected transactions for the year ended 31 December 2022 and the year ended 31 December 2023 were RMB617.23 million and RMB357.75 million, respectively. And the actual transaction amount for the year ended 31 December 2022 was approximately RMB493.23 million.

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the abovementioned continuing connected transactions and, after taking into consideration of factors such as market environment, transaction amounts, 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) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation of Auditor

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

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

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

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

(iv) with respect to the aggregate amount of each of the 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 2022.

A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended 31 December 2022 has been provided by the Company to the Stock Exchange.

The related party transactions mentioned in Note 51 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions of the Company as defined in Chapter 14A 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 2022 in accordance with the disclosure requirements under Chapter 14A of the Listing Rules.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

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

CONTRACTS WITH CONTROLLING SHAREHOLDERS

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the date of listing to the date of this announcement.

EMOLUMENT POLICY

As at 31 December 2022, the total number of employees of the Group was 7,695. Staff costs (including Directors' remuneration) of the Group for the year of 2022 amounted to approximately RMB1,237,233,000, and the total remuneration of the Group's Directors, Supervisors and senior management in 2022 amounted to approximately RMB65,497,000. The staff costs include basic remuneration, bonuses and employee benefits. The Company strictly abides by national regulations and pays social security for employees in full every month. 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 based on the remuneration concept of 3P1M (person performance position market), which 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 A+ABC 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.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors, Supervisors and senior management are set out in note 18 and note 51 to the consolidated financial statements.

FIVE HIGHEST-PAID EMPLOYEES

Details of the five highest-paid individuals are set out in note 17 to the consolidated financial statements.

NON-COMPETITION AGREEMENT

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

The Company has received an annual declaration in writing from each member of Jintan Group confirming that it had complied with the non-competition undertakings provided to the Company under the non-competition agreement. The independent non-executive Directors reviewed the status of compliance and enforcement of the noncompetition agreement and confirmed that all the undertakings thereunder have been complied with for the year ended 31 December 2022.

RELATIONS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

As at 31 December 2022, the long positions and short positions in our Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) our Directors, Supervisors or chief executive of our Company have or are taken or deemed to have (a) which shall be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which will be required pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which shall be required to be notified to us and the Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) are as follows:

Name of Directors, Supervisors or chief executive	Position	Nature of interests	Class of shares held	Number of shares held[(1)]	Percentage of shareholdings in respective class of share capital[(2)]	Percentage of shareholdings in the total share capital[(3)]
Liu Jingyu	Executive director	Beneficial owner	Domestic Shares	1,513,192	0.10%	0.09%
Dai Ying	Executive director	Beneficial owner	Domestic Shares	1,053,968	0.07%	0.06%

Notes:

(1) All interests above represent long positions.

(2) The percentages are calculated based on the Company's total number in the respective class of shares as at 31 December 2022 (i.e. 1,506,456,558 Domestic Shares and 265,845,300 H Shares).

(3) The percentages are calculated based on the Company's total number of the issued shares of the Company, being 1,772,301,858 shares, as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of our Directors, Supervisors or chief executive of our Company had or was taken or deemed to have the long positions and short positions in our Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) (a) which shall be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which will be required pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which shall be required to be notified to us and the Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

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

As at 31 December 2022, to the best knowledge of the Directors, the following persons (other than Directors, Supervisors or the chief executive of the Company) had the interests or short positions in the Shares or underlying Shares which shall be notified to us and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which will be required to pursuant to the section 336 of the SFO, to be recorded in the register:

Name of Shareholder	Nature of Interests	Class of shares	Number of shares held[1]	Percentage of shareholdings in respective class of share capital[2]	Percentage of shareholdings in the total share capital[3]
Jinsha Investment[7]	Beneficial owner	Domestic Shares	252,130,281(L)	16.74%(L)	14.23%(L)
Huake Engineering[7]	Beneficial owner	Domestic Shares	98,658,313(L)	6.55%(L)	5.57%(L)
Huake Investment[7]	Beneficial owner	Domestic Shares	77,785,163(L)	5.16%(L)	4.39%(L)
Jintan Hualuogeng[4]&[7]	Interest in controlled corporation	Domestic Shares	176,443,476(L)	11.71%(L)	9.96%(L)
Jintan Holding[5], [6] & [7]	Interest in controlled corporation	Domestic Shares	452,573,757(L)	30.04%(L)	25.54%(L)
Xiamen Lihang Equity Investment Management Co., Ltd.[8]	Interest in controlled corporation	Domestic Shares	141,866,141(L)	9.42%(L)	8.00%(L)
Lihang Jinzhi[8]	Beneficial owner	Domestic Shares	141,866,141(L)	9.42%(L)	8.00%(L)
Jinyuan Industry[9]	Interest in controlled corporation	Domestic Shares	179,446,576(L)	11.91%(L)	10.13%(L)
Jinyuan Investment[9]	Interest in controlled corporation	Domestic Shares	253,809,580(L)	16.85%(L)	14.32%(L)
Chengfei Integration[10]	Beneficial owner	Domestic Shares	151,145,867(L)	10.03%(L)	8.53%(L)
AVIC[10]	Interest in controlled corporation	Domestic Shares	163,970,995(L)	10.88%(L)	9.25%(L)
Guotai Junan Securities Co., Ltd.[11]	Interest in controlled corporation	H SHARES	48,331,900(L)	18.18%(L)	2.73%(L)
Hua An Fund Management Co., Ltd., representing HUAAN-XJ7-QDII, HUAAN-XJ8-QDII, HUAAN-XJ10-QDII and HUAAN-XJ12-QDII[11]	Interest in controlled corporation	H SHARES	48,331,900(L)	18.18%(L)	2.73%(L)
Huatai Securities Co., Ltd[12]	Interest in controlled corporation	H SHARES	35,742,700(L)	13.44%(L)	2.02%(L)
			29,148,000(S)	10.96%(S)	1.64%(S)
J.P. MORGAN SECURITIES PLC[13]	Interest in controlled corporation	H SHARES	29,570,100(L)	11.12%(L)	1.67%(L)
			1,260,400(S)	0.47%(S)	0.07%(S)
HUAAN-XJ8-QDII – SINGLE ASSET MANAGEMENT PLAN[11]	Beneficial owner	H SHARES	20,449,400(L)	7.69%(L)	1.15%(L)
HUAAN-XJ12-QDII – SINGLE ASSET MANAGEMENT PLAN[11]	Beneficial owner	H SHARES	20,285,900(L)	7.63%(L)	1.14%(L)
Tianqi Lithium HK Co., Limited	Beneficial owner	H SHARES	20,217,200(L)	7.60%(L)	1.14%(L)

Name of Shareholder	Nature of Interests	Class of shares	Number of shares held[1]	Percentage of shareholdings in respective class of share capital[2]	Percentage of shareholdings in the total share capital[3]
JPMorgan Chase & Co.[13]	Interest in controlled corporation	H SHARES	18,782,900(L)	7.06%(L)	1.06%(L)
			177,900(S)	0.06%(S)	0.01%(S)
			35,500(P)	0.01%(P)	0.00%(P)
CCB Principal Asset Management Co., Ltd. (representing CCB Principal Overseas Nuggets No. 92 Single Asset Management Plan)	Investment manager	H SHARES	16,696,500(L)	6.28%(L)	0.94%(L)
Zijin Mining Group Co. Ltd[14]	Interest in controlled corporation	H SHARES	16,525,800(L)	6.21%(L)	0.93%(L)
Gold Mountains (H.K.) International Mining Company Limited[14]	Beneficial owner	H SHARES	16,525,800(L)	6.21%(L)	0.93%(L)
Wang Sing International Resources Limited	Beneficial owner	H SHARES	16,359,500(L)	6.15%(L)	0.92%(L)
Hefei Beicheng Construction Investment (Group) Company Ltd.	Beneficial owner	H SHARES	13,718,100(L)	5.16%(L)	0.77%(L)

Notes:

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

(2) The percentages are calculated based on the Company's total number in the respective class of shares as at 31 December 2022 (i.e. 1,506,456,558 Domestic Shares and 265,845,300 H Shares).

(3) The percentages are calculated based on the Company's total number of the issued shares of the Company, being 1,772,301,858 shares, as at 31 December 2022.

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

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

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

(7) Jinsha Investment, Huake Engineering, Huake Investment, Jintan International, Jintan Hualuogeng and Jintan Holding are a group of largest Shareholders and directly or indirectly control an aggregate of approximately 25.54% of our Company's voting rights.

(8) Lihang Jinzhi is a limited partnership established under the laws of the PRC with Xiamen Lihang Equity Investment Management Co., Ltd.* (廈門鋰航股權投資管理有限公司) being its general partner and Jinyuan Industry being its limited partner. According to the partnership agreement of Lihang Jinzhi which provides, among other things, that the investment decision committee of Lihang Jinzhi shall comprise three members of which Jinyuan Industry shall be entitled to nominate two members, Jinyuan Industry exercises de facto control of Lihang Jinzhi. As such, Jinyuan Industry is deemed to be interested in the Shares held by Lihang Jinzhi under the SFO. Jinyuan Industry directly owns approximately 2.49% interests in our Company and therefore Jinyuan Industry directly and indirectly controls an aggregate of approximately 10.12% of our Company's voting rights.

(9) Jinyuan Industry is a wholly owned subsidiary of Jinyuan Investment and as such Jinyuan Investment is deemed to be interested in all the Shares held by Lihang Jinzhi and Jinyuan Industry under the SFO. Moreover, each of Xiamen Jinli No. 2 and Jinli Investment owns approximately 1.59% and 0.85% interests in our Company respectively. Xiamen Jinli No. 2 is a limited partnership with Xiamen City Jinyuan Equity Investment Co., Ltd* (廈門市金圓股權投資有限公司) being its general partner. Xiamen City Jinyuan Equity Investment Co., Ltd* (廈門市金圓股權投資有限公司) is ultimately controlled by Jinyuan Investment. Jinli Investment is a limited partnership with Jinyuan Capital Management (Xiamen) Co., Ltd* (金圓資本管理(廈門)有限公司) being its general partner. Jinyuan Capital Management (Xiamen) Co., Ltd* (金圓資本管理(廈門)有限公司) is ultimately controlled by Jinyuan Investment. As such, Jinyuan Investment is also deemed to be interested in the Shares held by each of Xiamen Jinli No.2 and Jinli Investment under the SFO. Jinyuan Investment directly owns approximately 2.49% interests in our Company and therefore Jinyuan Investment directly and indirectly controls an aggregate of approximately 14.32% of our Company's voting rights.

(10) Chengfei Integration is a joint stock limited company whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002190) and ultimately controlled by AVIC. As such, AVIC is deemed to be interested in the Shares held by Chengfei Integration under the SFO. Moreover, each of Aviation Industry Integration Fund, Missile Academy, Aviation Investment and Hongdu Airline owns approximately 0.80%, 0.65%, 0.11% and 0.09% interests in our Company respectively, and each of the above companies and partnerships is ultimately controlled by AVIC, which is also deemed to be interested in the Shares held by such companies and partnerships under the SFO. Therefore, AVIC indirectly controls an aggregate of approximately 9.25% of our Company's voting rights.

(11) HuaAn Fund Management Co., Ltd is the asset manager of (1) HUAAN-XJ7-QDII-SINGLE ASSET MANAGEMENT PLAN, (2) HUAAN-XJ8-QDII-SINGLE ASSET MANAGEMENT PLAN, (3) HUAAN-XJ10-QDII-SINGLE ASSET MANAGEMENT PLAN and (4) HUAAN-XJ12 – QDII-SINGLE ASSET MANAGEMENT PLAN and is deemed to be interested in the Shares held by abovementioned four assets management plans under the SFO. Guotai Junan Securities Co., Ltd. Held 43% of the equity interest in HuaAn Fund Management Co., Ltd and is deemed to be interested in the Shares held by HuaAn Fund Management Co. under the SFO.

(12) Huatai Securities Co., Ltd. held 100% interests in Huatai International Financial Holdings Company Limited. Huatai International Financial Holdings Company Limited held 100% interests in Huatai Financial Holdings (Hong Kong) Limited and Huatai Capital Investment Limited. Huatai Financial Holdings (Hong Kong) Limited held 6,594,700 H Shares in long position. Huatai Capital Investment Limited held 29,148,000 H Shares in long position and 29,148,000 H Shares in short position. Therefore, Huatai International Financial Holdings Company Limited is deemed to be interested in 35,742,700 H Shares in long position and 29,148,000 H Shares in short position and Huatai Securities Co., Ltd. is deemed to be interested in 35,742,700 H Shares in long position and 29,148,000 H Shares in short position under the SFO.

(13) JPMorgan Chase & Co. held 100% interests in JPMorgan Chase Bank, National Association. JPMorgan Chase Bank, National Association held 100% interests in (a) JPMORGAN CHASE BANK, N.A. – LONDON BRANCH. JPMORGAN CHASE BANK, N.A.– LONDON BRANCH held 35,500 H Shares in long position; and (b) J.P. Morgan International Finance Limited. J.P. Morgan International Finance Limited held 100% interests in J.P. MORGAN CAPITAL HOLDINGS LIMITED. J.P. MORGAN CAPITAL HOLDINGS LIMITED held 100% interests in J.P. MORGAN SECURITIES PLC. And J.P. MORGAN SECURITIES PLC held 18,747,400 H Shares in long position and 177,900 H Shares in short position. Therefore, JPMorgan Chase & Co. is deemed to be interested in 18,782,900 H Shares in long position, 177,900 H Shares in short position and 35,500 H Shares in lending pool under the SFO.

(14) Gold Mountains (H.K.) International Mining Company Limited is held as to 100% interests by Zijin Mining Group Co., Ltd.. Therefore, Zijin Mining Group Co., Ltd. is deemed to be interested in 16,525,800 H Shares in long position under the SFO.

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any persons (other than the Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions 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.

TAX RELIEF AND EXEMPTION

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

PENSION SCHEME

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

SHARE SCHEME

Summary of Share Scheme

	2019 Share Incentive Scheme	2020 Share Incentive Scheme	2021 Share Incentive Scheme
Purpose	To grant share incentives to stimulate the enthusiasm and creativity of the core backbone personnel, enhance their sense of responsibility and mission of achieving the Company's long-term sustainable and healthy development, and ensure the realization of the Company's strategic goals.	To provide an approach for the Company to grant share awards to the key employees so as to stimulate their enthusiasm and creativity, enhance the sense of responsibility and mission of the key employees to realize long-term sustainable and healthy development of our Company, and ensure the realization of the Company's strategic goals.	To provide an approach for our Company to grant share awards to the key employees so as to stimulate their enthusiasm and creativity, enhance the sense of responsibility and mission of the key employees to realize long-term sustainable and healthy development of our Company, and ensure the realization of our Company's strategic goals.
Participants	The participants of the equity shares are the Company's core senior executives who have a key role in the Company's overall performance to medium to long-term development.	Eligible participants of the 2020 Share Incentive Scheme shall include senior management, middle management, key technical personnel and key business personnel (excluding independent Directors and supervisors) who have entered into employment contracts with our Company and whose latest performance evaluation results are qualified.	Eligible participants of the 2021 Share Incentive Scheme shall include senior management, middle management, key technical personnel and key business personnel (excluding independent Directors and supervisors) who have entered into employment contracts with our Company and whose latest performance evaluation results are qualified.

	2019 Share Incentive Scheme	2020 Share Incentive Scheme	2021 Share Incentive Scheme
Maximum individual entitlement of a participant	Not to exceed 1% of the Company's issued Shares on the date of adoption of the 2019 Share Incentive Scheme.	Not to exceed 1% of the Company's issued Shares on the date of adoption of the 2020 Share Incentive Scheme.	Not to exceed 1% of the Company's issued Shares on the date of adoption of the 2021 Share Incentive Scheme
Lock-up period[(1)]	Five years.	Five years	Five years.
Amount payable for acceptance of awards	The price paid by the shareholders of Xiamen Lihang Equity for subscribing for the incentive shares was the same as the price at which Lihang Jinzhi subscribed for the Company's new registered capital on 29 July 2019.	RMB1.0293 per share	RMB41.67 per share
Incentive Shares Granted	The number of incentive Shares granted by our Company to our Directors and members of the senior management of our Company under the 2019 Share Incentive Scheme were a total of 939,512 Shares, representing 0.05% of the issued Share capital of the Company	The number of incentive shares granted by our Company to our Directors and senior management of our Company and the total number of incentive shares granted to other participants under the 2020 Share Incentive Scheme is 6,103,389 Shares and 13,143,508 Shares, representing 0.34% and 0.74% of the issued Shares of the Company, respectively.	The number of incentive shares granted the participants (all employees, not being our Directors or senior management of our Group) under the 2021 Share Incentive Scheme by our Company is 8,642,400 Shares, representing 0.49% of the issued Share of the Company.
Basis of Determination of Purchase Price	The price was determined with reference to the higher of the Company's net asset value as of 30 June 2018 or 30 June 2019 as valued by a third party valuer, the reports of which were filed with the State-owned Assets Supervision and Administration Department.	The price of the incentive shares under the 2020 Share Incentive Scheme was determined after taking into consideration of the following factors (whichever is higher): (1) at the time when Jinyuan Industry subscribed for the increased registered capital of the Company (hereinafter referred to as the "Previous Capital Increase"), the assessed value of our Company was RMB6.397 billion (the corresponding price of capital increase was RMB1.0003/Share). As of 31 August 2020, the price of capital increase was revised according to the premium of 4.35% annual interest rate, and the calculation method is as follows: the price of capital increase = the price of the Previous Capital Increase + (the price of the Previous Capital Increase × (4.35%÷12) ×8), and the price of capital increase was RMB1.0293/Share; and	As agreed by all parties, and mainly based on the appraisal result issued by the asset appraisal agency and filed with state-owned assets authorities, the price of the incentive shares granted under the 2021 Share Incentive Scheme was RMB41.67/Share, which was the same as the price of the strategic investors' capital increase introduced by the Company in the same period.

	2019 Share Incentive Scheme	2020 Share Incentive Scheme	2021 Share Incentive Scheme
		(2) the assessed value of our Company as of 31 December 2019 as valued by an independent third party valuer was RMB6.51478 billion which has not taken into account the amount of the Previous Capital Increase and as such, the corresponding price was RMB1.0185/Share. If the amount of RMB600 million of the Previous Capital Increase and the registered capital of our Company after the capital increase (i.e. RMB6.99655 billion) was taken into account, the corresponding price would be RMB1.0169/Share.	
Remaining validity period of the scheme	N/A	N/A	N/A
	The terms of the 2019 Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the 2019 Share Incentive Scheme does not involve share options granted by our Company after Listing. Given that the Shares under the 2019 Share Incentive Scheme have been issued, there will be no dilutive effect on the Shares outstanding upon vesting of the awards under the 2019 Share Incentive Scheme. No further awards under the 2019 Share Incentive Scheme will be granted by the Company after Listing.	The terms of the 2020 Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the 2020 Share Incentive Scheme does not involve share options granted by our Company after Listing. Given that the shares under the 2020 Share Incentive Scheme have been issued, there will be no dilutive effect on the shares outstanding upon vesting of the awards under the 2020 Share Incentive Scheme. No further awards under the 2020 Share Incentive Scheme will be granted by the Company after Listing.	The terms of the 2021 Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the 2021 Share Incentive Scheme does not involve share options granted by the Company after Listing. Given that the shares under the 2021 Share Incentive Scheme have been issued, there will be no dilutive effect on the shares outstanding upon vesting of the awards under the 2021 Share Incentive Scheme. No further awards under the 2021 Share Incentive Scheme will be granted by the Company after Listing.

Description:

(1) Participants do not directly obtain equity through Share Incentive Scheme, but indirectly hold the corresponding incentive shares through the shareholding platform's LP shares and therefore, the vesting period is not applicable to such Share Incentive Scheme. Pursuant to the scheme provisions of the respective share incentive, the PRC Company Law and the Articles of Association, and the rules and regulations of the jurisdictions where the shares of the Company are listed regarding the lock-up period, the incentive shares held by the incentive recipients (including the interests in the partnership directly held and the shares of the Company held indirectly), except in special circumstances, shall not be transferred or sold within 5 years in principle.

(2) For further information, please refer to the section "Appendix VI – Statutory and General Information" in the Prospectus of the Company.

The changes of shares granted under the 2020 Equity Incentive Scheme during the Reporting Period are set out below:

Category of Grantees	Grant date	Number of shares not yet granted as at 1 January 2022	Granted during the year(1)	Vested during the year(2)	Cancelled during the year	Lapsed during the year	Number of shares involved as at 31 December 2022	Lock-up period(3)
Ms. Liu Jingyu (executive Director)	21 February 2022	60,000	60,000	60,000	–	–	0	Five years
Mr. Wang Xiaoqiang (senior management)	11 August 2022	9,130	9,130	9,130	–	–	0	Five years
Mr. Xie Qiu (senior management)	17 August 2022	11,060	11,060	11,060	–	–	0	Five years
Mr. Xie Qiu (senior management)	23 August 2022	42,782	42,782	42,782	–	–	0	Five years

Description:

(1) As the 2020 Share Scheme is not a share-based payment, the participants indirectly hold the corresponding incentive shares through the shareholding platform's LP shares and therefore the shares granted under the 2020 Share Scheme will not be included in the form of compensation. The fair value of the shares at the date of sale and the accounting standards and policies adopted are not available. The price paid by the participants for subscribing for incentive shares under the 2020 Share Incentive Scheme was RMB41.67 per share. In November 2020, the Company implemented equity incentives at subscription price of RMB1.0293 per share. In October 2021, the Company was converted from a limited liability company into a joint stock limited company, with the registered capital being reduced to RMB1,200,000,000 from RMB12,768,773,097. In November 2021, the Company brought in strategic investors, and the price of capital injection was RMB41.67 per share, which was based on the latest evaluation report and determined through negotiation between all parties. Therefore, in February and August 2022, when the relevant personnel took over the shares, the price was in line with the latest price of capital injection, which was RMB41.67 per share.

(2) The shares involved in the 2022 Share Incentive Scheme are unlisted domestic shares of the Company with no reference to the closing price.

(3) The participant may exercise the award from the date on which the incentive shares are granted to him/her. Therefore, there is no performance goals for the participants. Participants do not directly obtain equity through Share Incentive Scheme, but indirectly hold the corresponding incentive shares through the shareholding platform's LP shares and therefore, the vesting period is not applicable to such Share Incentive Scheme. Pursuant to the scheme provisions of the respective share incentive, the PRC Company Law and the Articles of Association, and the rules and regulations of the jurisdictions where the shares of the Company are listed regarding the lock-up period, the incentive shares held by the incentive recipients (including the interests in the partnership directly held and the shares of the Company held indirectly), except in special circumstances, shall not be transferred or sold within 5 years in principle.

Save as disclosed in this report, at the beginning of the financial year, there were no incentive share outstanding or not vested of any of the Directors, the five highest paid individuals and other employees as beneficiaries during the Reporting Period. Save as disclosed in this report, in the current financial year, there were no incentive share granted to any of the Directors, the five highest paid individuals and the other employees during the Reporting Period. Save as disclosed in this report, at the end of the financial year, there were no incentive share outstanding or not vested of any of the Directors, the five highest paid individuals or other employees as beneficiaries during the Reporting Period.

During the year ended 31 December 2022, the Company did not issue shares pursuant to any Share Incentive Scheme and did not vest any shares pursuant to the 2019 Share Option Scheme and the 2021 Share Scheme.

PUBLIC FLOAT

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

SUBSEQUENT EVENTS

In addition to the events partially disclosed in the "Management Discussion and Analysis – Contingent Liabilities" of this annual report regarding the Patent I and Patent IV occurred in February 2023, after due and careful consideration, our Directors confirm that, there has not been any material adverse change in financial or trading position or prospects of the Company since 31 December 2022, and there has been no event since 31 December 2022 and up to this report date which would materially affect the information set out in the audit's report.

AUDITOR

For the year ended 31 December 2022, the Group's domestic auditors were performed by RSM China, and the international auditors were performed by RSM Hong Kong. The financial statements set out in this annual report have been audited by RSM Hong Kong. There has been no change in auditor of the Group since the Listing Date.

For and on behalf of the Board
CALB GROUP CO., LTD.
Liu Jingyu
Chairwoman and president

Changzhou, the PRC
28 March 2023

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of CALB Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 219, which comprise the consolidated statement of financial position as at 31 December 2022, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, 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 (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue Recognition

2. Assessment of Provisions and Disclosure for Litigation Claims

3. Valuation of allowance for inventories

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Revenue Recognition

Refer to note 5(w) and note 9 to the consolidated financial statements

The Group's revenue is principally generated from sales of EV batteries, ESS products and other related goods. During the year, the Group has recorded revenue of approximately RMB20,375 million which is approximately 3 times of prior year.

Revenue from sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. The Group's accounting system generally records sales transactions when the goods leave the Group's warehouses. Accordingly, there is a risk that revenue is recognised for sales of individual products before the control of the same have passed to the customer.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and because there is an inherent risk that revenue could be recorded in an incorrect period or could be subject to manipulation in order to achieve financial targets and expectations.</td><td>

Our audit procedures in relation to the recognition of revenue included the following:

• Understanding and assessing the design, implementation and operating effectiveness of the key internal controls over the Group's systems which govern revenue recognition;

• Inspecting sales contracts with major customers to understand and assess the terms and conditions therein which may affect the recognition of revenue;

• Testing revenue recorded on sample basis covering different business locations and customers, by examining the relevant supporting documents including sales orders, sales contract, goods delivery notes with customer's acceptance, sales invoices and credit notes issued subsequently;

• Comparing sales transactions recorded just before and after the year end with the underlying goods delivery notes to assess if the related revenue had been recognised in the appropriate accounting period;

• Examining the numeric sequence of goods delivery notes before and after year end and investigating any apparent abnormalities;

• Checking to inventories and sales records subsequent to the year end for any significant sales returns that occurred after the reporting period; and

• Scrutinizing all manual journal entries relating to revenue which were raised during the year, enquiring of management the reasons for such adjustments and inspecting underlying documentation on a sample basis.</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of Provisions and Disclosure for Litigation Claims	
Refer to note 39 and note 48(b) to the consolidated financial statements Provisions are made for litigation and claims of the Group. The amount recorded at 31 December 2022, which represented management's best estimates of the amounts likely to be required to settle these matters, totalled RMB8.64 million. In determining whether provision for these legal claims in dispute is appropriate, management needs to exercise significant judgement, with reference to legal advice given by the Group's legal counsel, about the estimation of probability that an outflow of resources embodying economic benefits will be required for settling the obligation and an estimation of the amount of the obligation which can be measured reliably at the end of the reporting period. We identified the assessment of provisions for litigation and claims as a key audit matter because the estimates on which these provisions are based involve a significant degree of management judgement and because determining the level of provisions may be subject to a degree of management bias.	Our audit procedures in relation to the Group's litigation provisions and disclosures included the following: • Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity; • Understanding and evaluating key internal controls over the Group's process for assessment of provisions and disclosure for litigation claims; • Evaluating the outcome of prior period assessment of provisions and disclosure for litigation claims to assess effectiveness of the Group's processes for estimation and disclosure; • Discussing significant litigation and claims with the Group's internal legal counsel; • Reviewing legal opinions of the Group's external legal advisors including their views regarding the likely outcome and magnitude of and exposure to the relevant litigation and claims; and • Assessing the adequacy of the provision for litigation claims by evaluating management's assessment regarding the nature and status of material litigations and other relevant factors.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of allowance for inventories	
Refer to note 5(j) and note 27 to the consolidated financial statements	Our audit procedures in relation to the Group's inventories included the following:
As at 31 December 2022, the carrying amount of inventories is approximately RMB11,822 million and allowance for inventories of approximately RMB268 million was charged to profit or loss during the year.	• Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors including subjectivity;
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.	• Understanding and evaluating management's key controls over the assessment of the net realisable value of inventories and related loss allowances including periodic review on inventories;
We identified the valuation of allowance for inventories as a key audit matter because the inherent risk in relation to the assessment of the net realisable value of inventories is considered significant as the assessment of net realisable value involves significant estimates and judgements which were subjective.	• Evaluating the outcome of prior period assessment of net realisable value of inventories to assess the effectiveness of management's estimation process;
	• Evaluating the reasonableness and appropriateness of the methods and estimations used in net realisable value of inventories; and
	• Comparing the carrying value of inventories to actual prices for sales transactions subsequent to the end of the reporting period, on a sample basis.

Other Information

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

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

- 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Wo Cheung.

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Rood
Causeway Bay
Hong Kong
28 March 2023

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Re-presented)
Revenue	*9*	20,374,942	6,817,115
Cost of sales		(18,271,422)	(6,306,165)
Gross profit		2,103,520	510,950
Investment and other income	*10*	191,430	176,247
Government grants and subsidies	*11*	17,419	80,317
Other losses, net	*12*	(62,872)	(89,541)
Selling expenses		(288,264)	(149,167)
Administrative expenses		(590,974)	(334,419)
Research and development expenses		(664,758)	(222,523)
Gain on disposal of subsidiaries	*47(a)*	–	347,240
Impairment loss on investment in associates	*26*	–	(178,700)
Reversal of impairment losses/(impairment losses) on trade and bills receivables	*28*	9,315	(26,600)
Impairment losses on prepayments, deposits and other receivables	*29*	(3,157)	(682)
Profit from operations		711,659	113,122
Finance costs	*14*	(65,217)	(24,975)
Share of losses of associates		(815)	(24,714)
Profit before tax		645,627	63,433
Income tax credit	*15*	47,910	48,107
Profit for the year	*16*	693,537	111,540
Attributable to:			
Owners of the Company		691,626	140,029
Non-controlling interests		1,911	(28,489)
		693,537	111,540
Earnings per share	*20*		
Basic (RMB per share)		0.4408	0.1128
Diluted (RMB per share)		0.4408	0.1128

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000 (Re-presented)
Profit for the year	693,537	111,540
Other comprehensive income/(expense):		
Item that will not be reclassified to profit or loss:		
Fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI)	(120,654)	–
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(7,640)	(13)
Share of other comprehensive expense of associates	–	(165)
Share of other comprehensive expense of associates reclassified to profit and loss upon disposal of associates	503	–
Other comprehensive income/(expense) for the year, net of tax	(127,791)	(178)
Total comprehensive income for the year	565,746	111,362
Attributable to:		
Owners of the Company	563,835	139,893
Non-controlling interests	1,911	(28,531)
	565,746	111,362

Consolidated Statement of Financial Position

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Re-presented)
Non-current assets			
Property, plant and equipment	*21*	45,527,632	15,172,539
Right-of-use assets	*22*	1,618,177	643,374
Intangible assets	*24*	1,373,277	1,075,007
Investments in associates	*26*	16,351	1,104,966
Other financial assets	*31*	670,565	–
Deposits paid for acquisition of property, plant and equipment	*29*	3,312,789	1,675,984
Deferred tax assets	*40*	582,380	362,537
		53,101,171	20,034,407
Current assets			
Inventories	*27*	11,821,947	1,756,784
Trade and bills receivables	*28*	5,335,457	2,714,704
Prepayments, deposits and other receivables	*29*	6,149,868	1,645,749
Amounts due from related parties	*30*	952,154	1,924,932
Other financial assets	*31*	177,090	6,182,575
Current tax assets		6,036	–
Pledged bank deposits	*32(a)*	1,984,783	1,251,564
Restricted bank balances	*32(b)*	298	252
Bank and cash balances	*32(c)*	10,931,814	3,109,518
		37,359,447	18,586,078
Current liabilities			
Trade and bills payables	*33*	21,646,762	6,316,866
Accruals and other payables	*34*	7,090,209	2,118,779
Contract liabilities	*35*	490,532	106,918
Amounts due to related parties	*30*	471,652	22,864
Lease liabilities	*37*	23,969	11,042
Bank borrowings	*38*	2,479,634	3,647
Provisions	*39*	508,826	136,396
Financial guarantees	*41*	–	12,354
Put option liabilities	*42*	–	941,132
Current tax liabilities		63,367	220,352
		32,774,951	9,890,350
Net current assets		4,584,496	8,695,728
Total assets less current liabilities		57,685,667	28,730,135

	Note	2022 RMB'000	2021 RMB'000 (Re-presented)
Non-current liabilities			
Deferred income	*36*	679,250	835,145
Lease liabilities	*37*	92,448	15,709
Bank borrowings	*38*	15,227,842	2,887,000
Deferred tax liabilities	*40*	110,668	6,157
		16,110,208	3,744,011
NET ASSETS		41,575,459	24,986,124
Capital and reserves			
Equity attributable to owners of the Company			
Share capital/Paid-in capital	*44*	1,772,302	1,506,457
Reserves	*46*	32,607,016	22,655,437
		34,379,318	24,161,894
Non-controlling interests		7,196,141	824,230
TOTAL EQUITY		41,575,459	24,986,124

Approved by the Board of Directors on 28 March 2023 and are signed on its behalf by:

LIU Jingyu

DAI Ying

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company											
	Share capital/ Paid-in capital (note 44) RMB'000	Capital reserve (note 46(b)(i)) RMB'000	Merger reserve (note 46(b)(ii)) RMB'000	Safety production fund (note 46(b)(iii)) RMB'000	Contribution from shareholder (note 46(b)(iv)) RMB'000	Exchange reserve (note 46(b)(v)) RMB'000	Other reserve (note 46(b)(vi)) RMB'000	Put option reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	12,768,773	138,621	8,058	946	29,065	–	(380)	–	(779,039)	12,166,044	442,577	12,608,621
Total comprehensive income for the year	–	–	–	–	–	(13)	(123)	–	140,029	139,893	(28,531)	111,362
Acquisition of additional interests in a subsidiary	–	(5,738)	–	–	–	–	–	–	–	(5,738)	(16,780)	(22,518)
Converted into a joint stock company with limited liability (note 44(ii))	(11,568,773)	11,188,346	–	(7)	–	–	–	–	380,434	–	–	–
Proceeds from paid-in capital (note 44 (iii))	288,000	11,702,000	–	–	–	–	–	–	–	11,990,000	–	11,990,000
Increase shareholding of an associate *	18,457	750,567	–	–	–	–	–	–	–	769,024	–	769,024
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	828,000	828,000
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(401,036)	(401,036)
Issue of puttable equity (note 42)	–	–	–	–	–	–	–	(926,620)	–	(926,620)	–	(926,620)
Share-based payments (note 43)	–	–	–	–	29,284	–	–	–	–	29,284	–	29,284
Safety production fond	–	–	–	(920)	–	–	–	–	927	7	–	7
Changes in equity for the year	(112,262,316)	23,635,175	–	(927)	29,284	(13)	(123)	(926,620)	521,390	11,995,850	381,653	12,377,503
At 31 December 2021	1,506,457	23,773,796	8,058	19	58,349	(13)	(503)	(926,620)	(257,649)	24,161,894	824,230	24,986,124

* Shares of the Company were issued for acquiring 25.63% equity interest of 中航鋰電 (洛陽)有限公司 ("**Luoyang Company**") from Luoyang Company Minority Shareholders. After the acquisition, the Company holds 49% equity interest of Luoyang Company.

	Attributable to owners of the Company												
	Share capital/ Paid-in capital (note 44) RMB'000	Capital reserve (note 46(b)(i)) RMB'000	Merger reserve (note 46(b)(ii)) RMB'000	Safety production fund (note 46(b)(iii)) RMB'000	Contribution from shareholder (note 46(b)(iv)) RMB'000	Exchange reserve (note 46(b)(v)) RMB'000	Other reserve (note 46(b)(vi)) RMB'000	Put option reserve RMB'000	Financial assets at FVTOCI reserve (note 46(b)(vii)) RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	1,506,457	23,773,796	8,058	19	58,349	(13)	(503)	(926,620)	–	(257,649)	24,161,894	824,230	24,986,124
Total comprehensive income for the year	–	–	–	–	–	(7,640)	503	–	(120,654)	691,626	563,835	1,911	565,746
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	6,370,000	6,370,000
Issue of puttable equity (note 42)	–	–	–	–	–	–	–	(5,365,847)	–	–	(5,365,847)	–	(5,365,847)
Transferred from put option liabilities (note 42)	–	–	–	–	–	–	–	6,031,310	–	–	6,031,310	–	6,031,310
Share-based payments (note 43)	–	–	–	–	40,631	–	–	–	–	–	40,631	–	40,631
Issuance of ordinary shares upon initial public offering (note 44(i))	265,845	8,681,650	–	–	–	–	–	–	–	–	8,947,495	–	8,947,495
Safety production fund	–	–	–	(19)	–	–	–	–	–	19	–	–	–
Changes in equity for the period	265,845	8,681,650	–	(19)	40,631	(7,640)	503	665,463	(120,654)	691,645	10,217,424	6,371,911	16,589,335
At 31 December 2022	1,772,302	32,455,446	8,058	–	98,980	(7,653)	–	(261,157)	(120,654)	433,996	34,379,318	7,196,141	41,575,459

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Re-presented)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		645,627	63,433
Adjustments for:			
Depreciation of property, plant and equipment	*21*	770,372	420,609
Depreciation of right-of-use assets	*22*	52,310	20,461
Amortisation of intangible assets	*24*	137,620	83,431
Equity-settled share-based payments	*43*	40,631	29,284
Share of losses of associates		815	24,714
Impairment losses on intangible assets	*12*	–	15
Gain on disposal of subsidiaries	*47(a)*	–	(347,240)
Loss on disposal of associates	*12*	503	–
Impairment losses on investments in associates	*26*	–	178,700
Allowance for inventories	*12*	268,006	90,088
(Reversal of impairment losses)/impairment losses on trade and bills receivables, net	*28*	(9,315)	26,600
Impairment losses on other receivables, net	*29*	3,157	682
Net (gain)/loss on disposals of property, plant and equipment	*12*	(616)	25
Fair value change in financial assets at FVTPL	*12*	38,281	(13,705)
Fair value change in financial guarantees	*12*	(12,354)	(1,755)
Fair value change in put option liabilities	*12*	(275,669)	14,512
Net loss on lease modification	*12*	1,132	–
Net foreign exchange losses	*12*	43,589	–
Interest income	*10*	(184,243)	(172,266)
Finance costs	*14*	65,217	24,975

	Note	2022 RMB'000	2021 RMB'000 (Re-presented)
Operating profit before working capital changes		1,585,063	442,563
Increase in inventories		(10,333,169)	(1,963,637)
Increase in trade and bills receivables		(2,611,438)	(2,088,450)
Increase in prepayments, deposits and other receivables		(4,498,787)	(1,150,132)
Decrease in amount due from an associate		–	612,871
Increase in amount due from a subsidiary of shareholders		(6,605)	–
Increase in pledged bank deposits		(878,981)	–
Increase in amounts due to subsidiaries of shareholders		448,808	3,942
Decrease in amount due to a shareholder		(20)	(24,398)
Increase in amount due to an associate		–	(74,796)
Increase in trade and bills payables		15,329,896	4,499,822
Increase in accruals and other payables		3,189,853	1,297,810
Increase in provisions		372,430	111,337
Increase in contract liabilities		383,614	90,975
Decrease in deferred income		(655,895)	(168,082)
Cash generated from operations		2,324,769	1,589,825
Interest expenses on lease liabilities		(4,381)	(21)
Income tax (paid)/refund		(211,334)	302
Net cash generated from operating activities		2,109,054	1,590,106

	Note	2022 RMB'000	2021 RMB'000 (Re-presented)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		184,243	172,266
Disposal of subsidiaries	*47(a)*	979,200	(24,355)
Disposal of associates		1,087,800	–
Deposits paid for acquisition of property, plant and equipment		(1,636,805)	(1,269,718)
Payment of property, plant and equipment		(28,646,478)	(8,850,827)
Proceeds from disposals of property, plant and equipment		39,737	110,262
Received government grants in relation to assets		44,765	3,288
Payment of right-of-use assets		(920,862)	(267,869)
Addition of intangible assets		(421,975)	(527,597)
Purchase of other financial assets		(3,735,000)	(17,485,000)
Proceeds from disposal of other financial assets		9,790,000	13,930,000
Purchase of shares of listed equity securities		(435,505)	–
Investment in limited partnership and limited partnership fund		(471,088)	–
Decrease in amount due from a joint venture		–	351
Decrease in amounts due from a subsidiary of a shareholder		–	1,838
Decrease in amount due from a shareholder		183	–
Decrease/(increase) in pledged bank deposits		145,762	(786,569)
Capital contribution to associate		–	(17,400)
Increase in restricted hank balances		(46)	–
Net cash used in investing activities		(23,996,069)	(15,011,330)

	Note	2022 RMB'000	2021 RMB'000 (Re-presented)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from bank borrowings		14,816,829	2,371,586
Payment of other loans		–	(241,546)
Acquisition of non-controlling interests		–	(22,518)
Principal elements of lease payments		(18,027)	(222)
Capital contribution from non-controlling interests		6,370,000	828,000
Net proceeds from issuance of ordinary shares		8,947,495	11,990,000
Interest paid		(355,737)	(87,836)
Net cash generated from financing activities		29,760,560	14,837,464
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,873,545	1,416,240
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,109,518	1,693,284
Effect of foreign exchange rate changes		(51,249)	(6)
CASH AND CASH EQUIVALENTS AT END OF YEAR		10,931,814	3,109,518
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balance	*32*	10,931,814	3,109,518

1. General information

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

The Company has been engaging in the design, research and development, production and sales of EV batteries and ESS products. Particulars and principal activities of its subsidiaries are set out below.

Name	Principal country of operation/ Country of incorporation/ Kind of legal entity	Registered capital	Paid-up amount	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
中創新航科技(江蘇)有限公司 CALB (Jiangsu) Co., Ltd.* ("Jiangsu Company")	PRC/PRC/Limited liability company	RMB7,500 million	RMB7,500 million	100%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航技術研究院(江蘇)有限公司 CALB Technology Co., Ltd.* ("Jiangsu Research Institute")	PRC/PRC/Limited liability company	RMB1,000 million	RMB1,000 million	100%	N/A	Research and development of EV battery and ESS products
中創新航新能源(廈門)有限公司 CALB (Xiamen) Co., Ltd.*, formerly known as 中航鋰電(廈門)科技有限公司 ("Xiamen Company")	PRC/PRC/Limited liability company	RMB5,000 million	RMB5,000 million	100%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航技術研究中心(深圳)有限公司 CALB Technology (Shenzhen) Co., Ltd.*, formerly known as 凱博能源先進技術研究(深圳)有限責任公司 ("Shenzhen Research Institute")	PRC/PRC/Limited liability company	RMB100 million	RMB100 million	100%	N/A	Research and development of EV battery and ESS products

1. General information (continued)

The Company has been engaging in the design, research and development, production and sales of EV batteries and ESS products. Particulars and principal activities of its subsidiaries are set out below. (continued)

Name	Principal country of operation/ Country of incorporation/ Kind of legal entity	Registered capital	Paid-up amount	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
中創新航科技(成都)有限公司 CALB (Chengdu) Co., Ltd.*, formerly known as 凱博能源科技(成都)有限公司 ("Chengdu Company")	PRC/PRC/Limited liability company	RMB4,000 million	RMB3,053 million	51%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(武漢)有限公司 CALB (Wuhan) Co., Ltd.*, formerly known as 凱博能源科技(武漢)有限公司 ("Wuhan Company")	PRC/PRC/Limited liability company	RMB7,000 million	RMB3,153 million	51%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(合肥)有限公司 CALB (Hefei) Co., Ltd.*, formerly known as 凱博能源科技(合肥)有限公司 ("Hefei Company")	PRC/PRC/Limited liability company	RMB5,000 million	RMB2,920 million	20%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(福建)有限公司 CALB (Fujian) Co., Ltd.* ("Fujian Company")	PRC/PRC/Limited liability company	RMB2,500 million	RMB2,141 million	51%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航科技(江門)有限公司 CALB (Jiangmen) Co., Ltd.* ("Jiangmen Company")	PRC/PRC/Limited liability company	RMB4,000 million	RMB2,165 million	51%	N/A	Research and development, production and sales of EV battery and ESS products

1. General information (continued)

The Company has been engaging in the design, research and development, production and sales of EV batteries and ESS products. Particulars and principal activities of its subsidiaries are set out below. (continued)

Name	Principal country of operation/ Country of incorporation/ Kind of legal entity	Registered capital	Paid-up amount	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
中創新航科技(四川)有限公司 CALB (Sichuan) Co., Ltd.* ("Sichuan Company")	PRC/PRC/Limited liability company	RMB4,000 million	RMB1,008 million	51%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航材料科技(四川)有限公司 CALB Material (Sichuan) Co., Ltd.* ("Materials Company")	PRC/PRC/Limited liability company	RMB600 million	RMB450 million	100%	N/A	Research and development, production and sales of EV battery materials
立鼎化學材料科技(江蘇)有限公司 Liding Chemical Materials Technology (Jiangsu) Co., Ltd.* ("Liding Chemical")	PRC/PRC/Limited liability company	HK$850 million	HK$560 million	N/A	100%	Research and development of new material technology and sales of battery
CALB GmbH	Germany/Germany/ Limited liability company	EUR25,000	EUR25,000	100%	N/A	Research and development, production and sales of EV battery and ESS products
CALB (HK) Co., Limited	PRC/Hong Kong/ Limited liability company	USD50,000	USD50,000	100%	N/A	Investment holding and sales of EV battery and ESS products

1. General information (continued)

The Company has been engaging in the design, research and development, production and sales of EV batteries and ESS products. Particulars and principal activities of its subsidiaries are set out below. (continued)

Name	Principal country of operation/ Country of incorporation/ Kind of legal entity	Registered capital	Paid-up amount	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
CALB (SINGAPORE) PTE. LTD.	Singapore/ Singapore/Limited liability company	USD50,000	USD50,000	N/A	100%	Investment holding and sales of EV battery and ESS products
CALB (EUROPE) S.A.	Portugal/Portugal/ Limited liability company	EUR200,000	EUR200,000	N/A	100%	Research and development, production and sales of EV battery and ESS products

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

2. Basis of preparation

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

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

3. Adoption of new and revised IFRSs

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020

In addition, the Group has early applied the Amendments to IFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021 and Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use in prior year.

The Group did not charge its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amend standards or annual improvements.

3. Adoption of new and revised IFRSs (continued)

(b) New and revised IFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB
Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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

4. Changes in accounting policies and disclosures

The Group receives various government grants from local governments. Due to the growing scale of the Group's operation all over the PRC mainland region, the amount of government grants has increased as well. More government grants have conditions that relate to expenditures incurred and the Group might well not have incurred such expenditures if the relevant government grant had not been available. Government grants related to assets reduce the funds required for acquisition or construction.

To address these changes in circumstances and developments, during the current year, the Directors have resolved, and shareholders subsequently approved in extraordinary general meeting, to adopt the new accounting policy and presentation method of government grants as set out in note 5(aa) to the consolidated financial statements. In the opinion of the Directors, the above changes can more faithfully represent and provide more relevant information about the financial position and operating results of the Group that are increasingly affected by government grants.

Before the change, asset-related government grants are presented as deferred income and the grant income being recognised separately in the consolidated statements of profit or loss in the same period in which the asset is depreciated. Income-related government grants are presented separately in the consolidated statement of profit or loss.

After the change, asset-based government grants are presented in consolidated statement of financial position by deducting the grant in arriving at the carrying amount of the asset and the grant income being recognised as reduced depreciation charge in the same period in which the asset is depreciated. Income-related government grants are deducted in reporting the related expenses. The change has been applied retrospectively, the corresponding figures in the comparative financial statements have been re-presented as a result.

4. Changes in accounting policies and disclosures (continued)

The following summarised the accounting balances and transactions affected by the change in accounting policy and disclosure of government grants for the prior financial reporting year:

Items	As previously reported RMB'000	Effect of change in accounting policy and disclosure RMB'000	As re-presented RMB'000
As at 1 January 2021			
Property, plant and equipment	8,566,468	(200,023)	8,366,445
Right-of-use assets	546,008	(9,424)	536,584
Deferred income	(217,774)	209,447	(8,327)
As at 31 December 2021			
Property, plant and equipment	15,251,502	(78,963)	15,172,539
Deferred income	(914,108)	78,963	(835,145)
For the year ended 31 December 2021			
Cost of sales	(6,438,837)	132,672	(6,306,165)
Selling expenses	(160,311)	11,144	(149,167)
Administrative expenses	(412,062)	77,643	(334,419)
Research and development expenses	(285,256)	62,733	(222,523)
Government grants and subsidies	364,509	(284,192)	80,317

4. Changes in accounting policies and disclosures (continued)

The following summarised the accounting balances and transactions affected by the change in accounting policy and disclosure of government grants for the current year:

Items	Before change of accounting policy and disclosure related to government grants RMB'000	Effect of change in accounting policy and disclosure RMB'000	After change of accounting policy and disclosure related to government grants RMB'000
As at 1 January 2022			
Property, plant and equipment	15,251,502	(78,963)	15,172,539
Deferred income	(914,108)	78,963	(835,145)
As at 31 December 2022			
Property, plant and equipment	45,633,338	(105,706)	45,527,632
Deferred income	(784,956)	105,706	(679,250)
For the year ended 31 December 2022			
Cost of sales	(18,855,652)	584,230	(18,271,422)
Selling expenses	(439,366)	151,102	(288,264)
Administrative expenses	(847,599)	256,625	(590,974)
Research and development expenses	(1,167,707)	502,949	(664,758)
Finance costs	(65,983)	766	(65,217)
Government grants and subsidies	1,513,091	(1,495,672)	17,419

5. Significant accounting policies

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

(a) Consolidation

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

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

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

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

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

5. Significant accounting policies (continued)

(a) Consolidation (continued)

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Merger accounting for business combination under common control

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

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

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

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

5. Significant accounting policies (continued)

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

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

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

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

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

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

5. Significant accounting policies (continued)

(d) Associates

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

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

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

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

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

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

5. Significant accounting policies (continued)

(e) Joint arrangements

A joint arrangement is an arrangement of which two or inure parties have joint control. 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. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting m-rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

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

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

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

5. Significant accounting policies (continued)

(e) Joint arrangements (continued)

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

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

(f) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

5. Significant accounting policies (continued)

(f) Foreign currency translation (continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

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

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

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

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

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

(g) Property, plant and equipment

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

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

5. Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

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

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

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

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

(h) Leases

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

The Group as a lessee

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

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

5. Significant accounting policies (continued)

(h) Leases (continued)

The Group as a lessee (continued)

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

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

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ('lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID – 19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

5. Significant accounting policies (continued)

(i) Other intangible assets

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- There is ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete development and to use or sell the intangible assets are available;
- The expenditure attributable to the intangible asset during its development can be reliably measured.

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

(b) Intangible assets acquired separately

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

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

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

5. Significant accounting policies (continued)

(j) Inventories

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

(k) Other contract costs

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

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

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

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

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

5. Significant accounting policies (continued)

(l) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ('ECL") in accordance with the policy set out in note 5(dd) and are reclassified to receivables when the right to the consideration has become unconditional.

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

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

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

(m) Recognition and derecognition of financial instruments

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

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

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

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

5. Significant accounting policies (continued)

(n) Financial assets

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

Debt investments

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

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

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

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

Equity investments

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

5. Significant accounting policies (continued)

(o) Trade and other receivables

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

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(p) Cash and cash equivalents

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

(q) Financial liabilities and equity instruments

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

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(s) Financial guarantee contracts

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

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

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

5. Significant accounting policies (continued)

(s) Financial guarantee contracts (continued)

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

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

(t) Put Option Liability

An arrangement that grants the non-controlling interest shareholder an option to sell the equity shares of the Company's subsidiary back to the Company ("the put option") shall be accounted for as financial liability of the Company as it contains an obligation to transfer cash on purchase of the non-controlling interests' shares. When the put option is initially issued, a liability shall be recorded for the present value of the redemption amount (which should be estimated if it is not contractually fixed), and subsequently measured at fair value based on the terms of the put option. In the event that the non-controlling interest written put option expires unexercised or cancelled, the liability is derecognised with a corresponding adjustment to equity.

(u) Trade and other payables

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

(v) Equity instruments

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

5. Significant accounting policies (continued)

(w) Revenue and other income

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

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

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

Revenue from other sources

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

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

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

5. Significant accounting policies (continued)

(x) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Medical benefits

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

(iii) Pension scheme – Mainland China

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

(iv) Housing fund – Mainland China

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

(v) Termination benefits

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

(y) Share-based payments

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

5. Significant accounting policies (continued)

(z) Borrowing costs

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

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

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

(aa) Government grants

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

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

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

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

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

5. Significant accounting policies (continued)

(aa) Government grants (continued)

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

(bb) Taxation

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

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

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

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

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

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

5. Significant accounting policies (continued)

(bb) Taxation (continued)

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

(cc) Impairment of non-financial assets

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

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

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

5. Significant accounting policies (continued)

(dd) Impairment of financial assets and contract assets

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

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

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

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

Significant increase in credit risk

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

5. Significant accounting policies (continued)

(dd) Impairment of financial assets and contract assets (continued)

Significant increase in credit risk (continued)

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

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

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

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

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

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

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

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

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

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

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

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

5. Significant accounting policies (continued)

(dd) Impairment of financial assets and contract assets (continued)

Significant increase in credit risk (continued)

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

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

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

Definition of default

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

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

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

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

5. Significant accounting policies (continued)

(dd) Impairment of financial assets and contract assets (continued)

Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

5. Significant accounting policies (continued)

(dd) Impairment of financial assets and contract assets (continued)

Measurement and recognition of ECL

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

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

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

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

(ee) Provisions and contingent liabilities

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

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

(ff) Events after the reporting period

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

6. Critical judgements and key estimates

Critical judgements in applying accounting policies

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

(a) Distinction between investment properties and owner-occupied properties

Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the production of goods. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production of goods. Judgement is applied in determining whether ancillary services are so significant that a property does not quality as an investment property. The Group considers each property separately in making its judgement.

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

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

(c) Equity pick up of entity of less than 20% equity interest

Although the Group holds less than 20% of the equity interest of Cangzhou Mingzhu Lithiumion Battery Separator Co., Ltd. ('Cangzliou Mingzhu"). the directors considered that the Group has significant influence over Cangzhou Mingzhu because the Group is entitled to appoint one director out of the five directors of Cangzhou Mingzhu.

6. Critical judgements and key estimates (continued)

Critical judgements in applying accounting policies (continued)

(d) Business model assessment

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

(e) Significant increase in credit risk

As explained in note 5(dd), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(f) Determining the lease term

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

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 22 for further information.

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

6. Critical judgements and key estimates (continued)

Key sources of estimation uncertainty

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

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

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

The carrying amount of property, plant and equipment was approximately RMB45,527,632,000 (2021: RMB15,172,539,000 (re-presented).

The carrying amount of right-of-use assets was approximately RMB1,618,177,000 (2021: RMB643,374,000).

The carrying amount of intangible assets was approximately RMB1,373,277,000 (2021: RMB1,075,007,000).

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, income tax credit of RMB47,910,000 (2021: RMB48,107,000) was recognised in profit or loss based on the estimated assessable profits.

6. Critical judgements and key estimates (continued)

Key sources of estimation uncertainty (continued)

(c) Impairment of trade receivables

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

The carrying amount of trade receivables was RMB3,582,355,000 (2021: RMB2,106,368,000) (net of allowance of doubtful debts of RMB27,876,000 (2021: RMB: 37,191,000).

(d) Impairment loss on deposits and other receivables

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the deposits and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the prepayment, deposits and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

During the year, RMB3,157,000 (2021:RMB682,000) impairment loss on deposits and other receivables was recognised.

(e) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

During the year, RMB268,006,000 (2021: RMB90,088,000) allowance of slow-moving inventories was recognised.

6. Critical judgements and key estimates (continued)

Key sources of estimation uncertainty (continued)

(f) Impairment of investments in associates using equity accounting

Management determines whether investments in associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, according to their recoverable amounts determined based on value in use calculations. The determination of impairment indication requires significant judgement, and the calculations of recoverable amount require the use of estimates which are subject to change of economic environment in future.

The carrying amount of investments in associates using equity accounting was RMB16,351,000 (2021: RMB1,104,966,000).

(g) Warranty provisions

As explained in note 39, the Group makes product warranty provision based on its best estimate of the expected settlement under the sales agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities. As the Group is continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(h) Estimated provisions for litigation claims

The Group evaluates whether a present obligation exists under litigation claim after taking into account all available evidence, including the opinion of experts. A provision is recognised for litigation claim if the Directors consider it is more likely than not that present obligation exists and a reliable estimate can be made on the settlement amount of the claim. If it is more likely than not that no present obligation exists, the Group should disclose a contingent liability, unless the possibility of any transfer of economic benefits in settlement is remote. Details of the provisions for litigation claims and the contingent liabilities for litigation claims are disclosed in note 39(b) and 48(b), respectively.

7. Financial risk management

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

(a) Foreign currency risk

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

If the RMB had weakened/strengthened five per cent against United States Dollar with all other variables held constant, consolidated profit after tax for the year would have been RMB5,440,000 (2021: RMB839,000) higher/lower, arising mainly as a result of the foreign exchange gain on bank balances and trade receivables denominated in United States Dollar.

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

(b) Credit risk

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

Trade and bills receivables

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

7. Financial risk management (continued)

(b) Credit risk (continued)

Trade and bills receivables (continued)

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

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2022 and 2021:

As at 31 December 2022

	Current RMB'000	Past due 0-180 days RMB'000	Past due 181-365 days RMB'000	Past due Over 1 year RMB'000	Individually assessed RMB'000	Total RMB'000
Expected credit loss rate (%)	–	5%	10%	50%	100%	
Gross carrying amount	3,530,603	35,513	19,190	1,487	23,438	3,610,231
Expected credit losses	–	1,776	1,919	743	23,438	27,876

As at 31 December 2021

	Current RMB'000	Past due 0-180 days RMB'000	Past due 181-365 days RMB'000	Past due Over 1 year RMB'000	Individually assessed RMB'000	Total RMB'000
Expected credit loss rate (%)	–	5%	10%	50%	4.99%	
Gross carrying amount	1,429,484	3,098	20,121	1,156	689,700	2,143,559
Expected credit losses	–	155	2,012	578	34,446	37,191

Expected credit loss rates are based on actual loss experience over the past 1 year and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Throughout the current financial year, the historical credit loss experience of the customers of the Group, the forward-looking factors specific to the debtors and the economic environment remains no significant change. As such, expected credit loss rates (except for those assessed individually) remains the same.

7. Financial risk management (continued)

(b) Credit risk (continued)

Trade and bills receivables (continued)

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

	RMB'000
At 1 January 2021	119,614
Loss allowance recognised for the year, net	26,600
Disposal of subsidiaries	(109,023)
At 31 December 2021 and 1 January 2022	37,191
Reversal of loss allowance recognised for the year, net	(9,315)
At 31 December 2022	27,876

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

Financial assets at amortised cost

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

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

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

	Deposit and other receivables RMB'000
As at 1 January 2021	6,727
Disposal of subsidiaries	(2,730)
Loss allowance recognised for the year	682
At 31 December 2021 and 1 January 2022	4,679
Loss allowance recognised for the year	3,157
At 31 December 2022	7,836

7. Financial risk management (continued)

(c) Liquidity risk

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

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

	Less than 1 year RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
At 31 December 2022				
Trade and bills payables	21,646,762	–	–	21,646,762
Accruals and other payables	7,046,773	–	–	7,046,773
Amounts due to related parties	471,652	–	–	471,652
Lease liabilities	28,881	103,471	–	132,352
Bank borrowings	3,128,055	13,733,317	3,443,385	20,304,757
At 31 December 2021				
Trade and bills payables	6,316,866	–	–	6,316,866
Accruals and other payables	2,097,373	–	–	2,097,373
Amounts due to related parties	22,864	–	–	22,864
Lease liabilities	12,221	16,449	–	28,670
Bank borrowings	131,267	2,349,457	963,313	3,444,037
Financial guarantees	12,354	–	–	12,354
Put option liabilities	941,132	–	–	941,132

(d) Interest rate risk

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

If interest rates at that date had been 100 basis points higher with all other variables held constant, consolidated profit after tax for the year would have been RMB3,442,000 (2021: RMB38,778,000) higher, arising mainly as a result of higher interest income on bank deposits net of higher interest expenses on bank borrowings. If interest rates had been 100 basis points lower, with all other variables held constant, consolidated profit after tax for the year would have been RMB3,442,000 (2021: RMB38,778,000) lower, arising mainly as a result of lower interest income on bank deposits net of lower interest expenses on bank borrowings.

7. Financial risk management (continued)

(e) Categories of financial instruments

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Financial assets:		
Financial assets measured at amortised cost	19,277,057	9,056,505
Financial assets at FVTPL	224,925	3,713,705
Financial assets at FVTOCI	622,730	2,468,870
Financial liabilities:		
Financial liabilities at amortised cost	46,872,663	11,354,501
Financial guarantees	–	12,354
Financial liabilities at FVTPL	–	941,132

(f) Fair values

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

(g) Transfers of financial assets

The following were the Group's financial assets transferred to banks by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (note 28). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2022

	Bills receivables discounted to banks with full recourse RMB'000
Carrying amount of transferred assets	108,810
Carrying amount of associated liabilities	108,810
Net position	–

7. Financial risk management (continued)

(g) Transfers of financial assets (continued)

As at 31 December 2021

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

8. Fair value measurements

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

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

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

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

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

8. Fair value measurements (continued)

(a) Disclosures of level in fair value hierarchy:

	Fair value measurements using:			As at 31 December 2022
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
– Certificate of deposit	–	101,428	–	101,428
– Investment in a listed equity security	234,590	–	–	234,590
– Investment in a unlisted equity security	–	286,712	–	286,712
Financial assets at FVTPL				
– Investment in a listed equity security	75,662	–	–	75,662
– Investment in a unlisted debt instrument	–	149,263	–	149,263
	310,252	537,403	–	847,655

	Fair value measurements using:			As at 31 December 2021
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
– Certificate of deposit	–	2,468,870	–	2,468,870
Financial assets at FVTPL				
– Investments in commodity linked structural products	–	3,713,705	–	3,713,705
	–	6,182,575	–	6,182,575
Financial liabilities at FVTPL				
– Put option liabilities	–	–	941,132	941,132

8. Fair value measurements (continued)

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

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

For level 2 fair value measurements, specific valuation techniques the Group used to value the financial assets include the annual interest rates for certificate of deposits, the market commodity price for commodity linked structural products and net assets value for the limited partnership fund and limited liability partnership.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value, measurements – Put option liabilities classified as financial liabilities at FVTPL

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value 2022 RMB'000	Fair value 2021 RMB'000
Written put option to non-controlling shareholders of subsidiaries	Discounted cash flows	Weighted average cost of capital (12.5% (2021: 10.3%))	Decrease		
		Internal rate of return of underlying projects (8.9% to 13.5% (2021: (12% to 13%))	Increase	–	941,132

During the two years, there were no changes in the valuation techniques used.

9. Revenue

(a) Disaggregation of revenue

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

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sales of EV battery	18,323,505	6,065,200
Sales of ESS products and others	2,051,437	751,915
	20,374,942	6,817,115

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

	Sales of EV battery		Sales of ESS products and others		Total	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Primary geographical markets						
– Mainland China	18,014,091	5,970,264	1,974,344	673,500	19,988,435	6,643,764
– Europe	60,848	40,737	22,327	26,424	83,175	67,161
– Asia	213,078	44,307	275	64	213,353	44,371
– America	35,488	9,853	54,491	51,800	89,979	61,653
– Others	–	39	–	127	–	166
Revenue from external customers	18,323,505	6,065,200	2,051,437	751,915	20,374,942	6,817,115
Timing of revenue recognition						
Products transferred at a point in time	18,323,505	6,065,200	2,010,924	747,074	20,334,429	6,812,274
Products and services transferred over time	–	–	40,513	4,841	40,513	4,841
Total	18,323,505	6,065,200	2,051,437	751,915	20,374,942	6,817,115

9. Revenue (continued)

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

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

	2022 RMB'000	2021 RMB'000
Within 1 year	490,532	106,918

10. Investment and other income

	2022 RMB'000	2021 RMB'000
Interest income on:		
Bank deposits	120,739	66,882
Financial assets at FVTOCI	63,504	105,384
Total interest income	184,243	172,266
Compensation from suppliers	5,335	1,520
Insurance compensation income	853	997
Others	999	1,464
	191,430	176,247

11. Government grants and subsidies

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

	2022 RMB'000	2021 RMB'000 (Re-presented)
Related to income		
Research and development subsidies	4,640	52,530
Subsidies on industry development	9,994	23,837
Subsidies on recruitment	1,265	2,876
Others	1,520	1,074
	17,419	80,317

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

During the year ended 31 December 2022, the Group received government grants and subsidies from related entities of Government of Jintan District of approximately RMB88 million (2021: RMB142 million).

12. Other losses, net

	2022 RMB'000	2021 RMB'000
Fair value change in financial assets at FVTPL	(38,281)	13,705
Fair value change in financial guarantees	12,354	1,755
Fair value change in put option liabilities	275,669	(14,512)
Loss on disposal of associates	(503)	–
Impairment losses on intangible asset	–	(15)
Allowance for inventories	(268,006)	(90,088)
Net foreign exchange losses	(43,589)	(361)
Net loss on lease modification	(1,132)	–
Net gain/(loss) on disposals of property, plant and equipment	616	(25)
	(62,872)	(89,541)

13. Segment information

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

Revenue from major customers:

	2022 RMB'000	2021 RMB'000
Customer G	8,056,758	3,537,094
Customer X#	3,457,134	N/A
Customer C*	N/A	946,661

Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year ended 31 December 2021.

* Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year ended 31 December 2022.

14. Finance costs

	2022 RMB'000	2021 RMB'000
Interest expenses on lease liabilities (note 22)	4,691	695
Interest on bank borrowings	355,737	81,119
Interest on other loans	–	6,717
Total borrowing costs	360,428	88,531
Amount capitalised	(295,211)	(63,556)
	65,217	24,975

15. Income tax credit

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

	2022 RMB'000	2021 RMB'000
Current tax – the PRC		
Provision for the year	(63,127)	(220,352)
Over provision in prior years	15,054	–
	(48,073)	(220,352)
Current tax – Germany		
Provision for the year	(261)	–
Deferred tax (note 40)	96,244	268,459
	47,910	48,107

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

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

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

	2022 RMB'000	2021 RMB'000
Profit before tax	645,627	63,433
Tax at the PRC Enterprise Income Tax rate of 15%	96,844	9,515
Tax effect of expenses that are not deductible	13,517	9,047
Tax effect of income that are not taxable	–	(35,887)
Tax effect of super deduction of qualified research and development expenditure	(270,771)	(86,153)
Tax effect of temporary differences not recognised	(37,292)	5,995
Tax effect of tax losses not recognised	73,957	69,500
Tax effect of utilisation of tax losses not previously recognised	(14)	–
Effect of different tax rates of subsidiaries	90,903	(20,124)
Over provision in prior years	(15,054)	–
Income tax credit	(47,910)	(48,107)

16. Profit for the year

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

	2022 RMB'000	2021 RMB'000
Allowance for inventories (note 12)	268,006	90,088
Amortisation of intangible assets (note 24)	137,620	83,431
Auditor's remuneration		
– Audit services	3,651	283
– Non-audit services	1,293	–
– Listing related services*	16,999	–
Cost of inventories sold	18,271,422	6,306,165
Depreciation of property, plant and equipment (note 21)	772,475	420,609
Depreciation of right-of-use assets (note 22)	52,310	20,461
Net (gain)/loss on disposals of property, plant and equipment (note 12)	(616)	25
Net loss on lease modification (note 12)	1,132	–
Impairment losses on intangible assets (note 12)	–	15
(Reversal of impairment losses)/impairment losses on trade and bills receivables	(9,315)	26,600
Impairment losses on prepayments, deposits and other receivables	3,157	682

* Such services fee was deducted to the proceeds from the issue of ordinary shares.

17. Employee benefits expenses

	2022 RMB'000	2021 RMB'000
Employee benefits expense (including Directors' emoluments):		
Salaries, bonuses and allowances	1,130,069	635,987
Equity-settled share-based payments (note 43)	40,631	29,284
Retirement benefit scheme contributions	66,533	34,238
	1,237,233	699,509

17. Employee benefits expenses (continued)

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2021: two) directors of the Company whose emoluments are reflected in the analysis presented in note 18(a). The emoluments of the remaining three (2021: three) individuals are set out below:

	2022 RMB'000	2021 RMB'000
Basic salaries and allowances	8,973	7,306
Equity-settled share-based payments	16,252	11,714
Retirement benefit scheme contributions	128	96
	25,353	19,116

Five highest paid individuals

The emoluments fell with the following band:

	2022 Number of headcount	2021 Number of headcount
RMB3,000,001 to RMB3,500,000	–	1
RMB3,500,001 to RMB4,000,000	1	–
RMB7,000,001 to RMB7,500,000	–	2
RMB8,500,001 to RMB9,000,000	–	1
RMB9,000,001 to RMB9,500,000	2	–
RMB12,000,001 to RMB12,500,000	1	–
RMB16,500,001 to RMB17,000,000	–	1
RMB22,000,001 to RMB22,500,000	1	–
	5	5

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

18. Benefits and interests of directors and supervisors

(a) Directors' and supervisors' emoluments

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking								
	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	(Note i) Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Housing allowance RMB'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking RMB'000	Total RMB'000
Chairwoman									
Ms. Liu Jingyu (劉靜瑜女士)	–	2,590	3,267	16,252	43	–	–	–	22,152
Executive directors									
Mr. Dai Ying (戴穎先生)	–	932	2,334	6,095	43	–	–	–	9,404
Non-Executive directors									
Mr. Zhang Guoqing (張國慶先生)	–	–	–	–	–	–	–	–	–
Mr. Zhou Sheng (周勝先生)	–	–	–	–	–	–	–	–	–
Mr. Li Yunxiang (李雲祥先生)	–	–	–	–	–	–	–	–	–
Independent non-executive directors									
Mr. Wu Guangquan (吳光權先生) (Note (iv))	60	–	–	–	–	–	–	–	60
Mr. Wang Susheng (王蘇生先生) (Note (iv))	60	–	–	–	–	–	–	–	60
Mr. Chen Zetong (陳澤桐先生) (Note (iv))	60	–	–	–	–	–	–	–	60

18. Benefits and interests of directors and supervisors (continued)

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

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking								
	Fees	Salaries and allowances	Discretionary bonus	(Note i) Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors									
Mr. Jiang Jinhua (姜金華先生) (Note (ii))	–	–	–	–	–	–	–	–	–
Ms. Cheng Yan (程雁女士)	–	–	–	–	–	–	–	–	–
Ms. Nian Mingzhu (念明珠女士)	–	198	8	–	26	–	–	–	232
Total for year ended 31 December 2022	180	3,720	5,609	22,347	112	–	–	–	31,968

18. Benefits and interests of directors and supervisors (continued)

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

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking								
	Fees	Salaries and allowances	Discretionary bonus	(Note i) Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairwoman									
Ms. Liu Jingyu (劉靜瑜女士)	–	2,580	2,495	11,714	39	–	–	–	16,828
Executive directors									
Mr. Dai Ying (戴穎先生)	–	928	1,948	4,393	39	–	–	–	7,308
Non-Executive directors									
Mr. Zhang Guoqing (張國慶先生)	–	–	–	–	–	–	–	–	–
Mr. Zhou Sheng (周勝先生)	–	–	–	–	–	–	–	–	–
Mr. Li Yunxiang (李雲祥先生)	–	–	–	–	–	–	–	–	–
Supervisors									
Mr. Jiang Jinhua (姜金華先生) (Note ii)	–	–	–	–	–	–	–	–	–
Ms. Cheng Yan (程雁女士)	–	–	–	–	–	–	–	–	–
Ms. Nian Mingzhu (念明珠女士)	–	196	26	–	19	–	–	–	241
Mr. Shi Rongsheng (史榮先生) (Note (iii))	–	–	–	–	–	–	–	–	–
Total for year ended 31 December 2021	–	3,704	4,469	16,107	97	–	–	–	24,377

18. Benefits and interests of directors and supervisors (continued)

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

Notes:

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

(ii) Mr. Jiang Jinhua was appointed as supervisor on 7 February 2021.

(iii) Mr. Shi Rongsheng was resigned on 7 February 2021.

(iv) Mr. Wu Guangquan, Mr. Wang Susheng and Mr. Chen Zetong were appointed as independent non-executive directors on 6 October 2022.

Neither the chief executive nor any of the directors waived any emoluments during the year (2021: Nil).

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

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

19. Dividends

No dividend has been paid or proposed during the year (2021: Nil).

20. Earnings per share

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

As described in note 44 (ii), the Company converted into a joint stock limited liability company and converted its registered capital into 1,200 million ordinary shares with nominal value of RMB1 each in November 2021. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2021, at the exchange ratio established in the conversion in November 2021.

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately RMB691,626,000 (2021: RMB140,029,000), and the weighted average number of ordinary shares of approximately 1,569,094,000 (2021: 1,241,141,000) in issue during the year.

(b) Diluted earnings per share

No diluted earnings per share was presented for the year ended 31 December 2022 and 2021 as the Company did not have any dilutive potential ordinary shares.

21. Property, plant and equipment

	Building RMB'000	Machinery RMB'000	Computer equipment RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2021:								
Cost	3,092,454	1,977,470	81,361	79,186	17,546	67,653	3,592,425	8,908,095
Accumulated depreciation and impairment	(159,045)	(284,577)	(42,050)	(26,661)	(13,047)	(16,270)	–	(541,650)
Net carrying amount	2,933,409	1,692,893	39,311	52,525	4,499	51,383	3,592,425	8,366,445
At l January 2021. net of accumulated depreciation and impairment	2,933,409	1,692,893	39,311	52,525	4,499	51,383	3,592,425	8,366,445
Additions	56,384	127,418	50,751	52,561	3,396	16,629	9,074,487	9,381,626
Disposal of subsidiaries	(854,558)	(796,206)	(12,947)	(4,405)	(2,089)	–	(375,059)	(2,045,264)
Disposals	–	(24,527)	(67)	(70)	(814)	–	(84,181)	(109,659)
Transfer	1,070,566	2,301,572	45,497	18,129	–	–	(3,435,764)	–
Depreciation provided during the year	(46,529)	(311,844)	(29,283)	(19,417)	(1,089)	(12,447)	–	(420,609)
At 31 December 2021, net of accumulated depreciation and impairment	3,159,272	2,989,306	93,262	99,323	3,903	55,565	8,771,908	15,172,539
At 31 December 2021 and at 1 January 2022:								
Cost	3,312,467	3,238,975	135,064	132,159	6,690	84,240	8,771,908	15,681,503
Accumulated depreciation and impairment	(153,195)	(249,669)	(41,802)	(32,836)	(2,787)	(28,675)	–	(508,964)
Net carrying amount	3,159,272	2,989,306	93,262	99,323	3,903	55,565	8,771,908	15,172,539
At 1 January 2022, net of accumulated depreciation and impairment	3,159,272	2,989,306	93,262	99,323	3,903	55,565	8,771,908	15,172,539
Additions	89,109	336,982	207,352	219,740	5,715	–	30,283,366	31,142,264
Disposals	–	312	–	(43)	–	–	(3,153)	(2,884)
Transfer	6,493,690	2,241,381	165,829	31,056	–	–	(8,945,871)	(13,915)
Depreciation provided during the year	(113,406)	(521,346)	(72,990)	(48,339)	(1,715)	(12,576)	–	(770,372)
At 31 December 2022 net of accumulated depreciation and impairment	9,628,665	5,046,635	393,453	301,737	7,903	42,989	30,106,250	45,527,632
At 31 December 2022								
Cost	9,895,266	5,530,374	508,246	382,682	12,404	84,240	30,106,250	46,519,462
Accumulated depreciation and impairment	(266,601)	(483,739)	(114,793)	(80,945)	(4,501)	(41,251)	–	(991,830)
Net carrying amount	9,628,665	5,046,635	393,453	301,737	7,903	42,989	30,106,250	45,527,632

21. Property, plant and equipment (continued)

The Group was still in the process of obtaining property ownership certificates for certain buildings with a net carrying amount of RMB2,546,910,000 (2021: RMB1,943,612,000).

Property, plant and equipment with carrying amounts of approximately RMB975,977,000 (2021: RMB1,003,207,000) was pledged as security for the Group's bank borrowings.

As at 31 December 2021, Certain construction in progress with net carrying amount of RMB2,165,474,000 was constructed on two parcels of land which the Group was still in the process of obtaining the land certificates. The Group obtained the land certificates of the two land parcels in January 2022.

During the year ended 31 December 2022, the government subsidies related to assets of approximately RMB44,765,000 (2021: RMB3,109,000) were received and deducted from cost of related assets.

22. Right-of-use assets

	Leasehold lands RMB'000	Lease properties RMB'000	Total RMB'000
At 1 January 2021	520,454	16,130	536,584
Additions	267,869	21,297	289,166
Depreciation	(13,702)	(6,759)	(20,461)
Disposal of subsidiaries	(161,915)	–	(161,915)
At 31 December 2021 and 1 January 2022	612,706	30,668	643,374
Additions	920,862	114,304	1,035,166
Depreciation	(28,602)	(23,708)	(52,310)
Early termination of leases	–	(8,053)	(8,053)
At 31 December 2022	1,504,966	113,211	1,618,177

22. Right-of-use assets (continued)

	2022 RMB'000	2021 RMB'000
Depreciation expenses on right-of-use assets	52,310	20,461
Interest expense on lease liabilities (included in finance costs)	4,691	695
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative expenses)	83,311	19,720
Expenses relating to leases of low value assets (included in selling expenses and administrative expenses)	1,665	2,982

Details of total cash outflow for leases is set out in note 47(c).

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

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

Right-of-use assets with carrying amounts of approximately RMB455,500,000 (2021: RMB167,356,000) was pledged as security for the Group's bank borrowings.

23. Goodwill

	RMB'000
Cost	
At 1 January 2021	140,097
Disposal of controlling interest in subsidiaries (note 47(a))	(140,097)
At 31 December 2021, 1 January 2022 and 31 December 2022	–
Accumulated impairment losses	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	–
Carrying amount	
At 31 December 2022	–
At 31 December 2021	–

24. Intangible assets

	Computer software RMB'000	Trademarks RMB'000	Patents RMB'000	Development costs RMB'000	Others RMB'000	Total RMB'000
Cost						
At 1 January 2021	34,790	19	925,492	362,873	–	1,323,174
Additions – internal development	–	–	55,138	93,345	–	148,483
Additions – acquired	52,943	–	–	–	2,250	55,193
Acquired from an associate	–	4	323,917	–	–	323,921
Disposal of subsidiaries	(11,879)	(19)	(202,171)	–	–	(214,069)
Transfer	–	–	258,119	(258,119)	–	–
At 31 December 2021 and 1 January 2022	75,854	4	1,360,495	198,099	2,250	1,636,702
Additions – internal development	51,290	–	–	369,753	932	421,975
Transfer	12,771	–	89,353	(89,353)	1,144	13,915
At 31 December 2022	139,915	4	1,449,848	478,499	4,326	2,072,592
Accumulated depreciation and impairment						
At 1 January 2021	7,318	6	539,008	–	–	546,332
Charge for the year	7,019	3	76,221	–	188	83,431
Impairment for the year	–	–	15	–	–	15
Disposal of subsidiaries	(4,489)	(9)	(63,585)	–	–	(68,083)
At 31 December 2021 and 1 January 2022	9,848	–	551,659	–	188	561,695
Charge for the year	12,474	1	124,527	–	618	137,620
At 31 December 2022	22,322	1	676,186	–	806	699,315
Carrying amount						
At 31 December 2021	66,006	4	808,836	198,099	2,062	1,075,007
At 31 December 2022	117,593	3	773,662	478,499	3,520	1,373,277

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

24. Intangible assets (continued)

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

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

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

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

	2022 (years)	2021 (years)
Computer software	6.9	8.6
Trademarks	2.9	3.5
Patents	8.4	7.1
Others	6.4	4.6
Development cost	N/A	N/A

Intangible assets not yet available for use (such as development costs) must be tested for impairment annually. At 31 December 2022, Xiamen Company CGU and Jiangsu Company CGU have certain development costs not yet available for use. The recoverable amounts of the CGUs were determined on the basis of their value-in-use using discounted cash flow method. The Group prepares Xiamen Company CGU and Jiangsu Company CGU cash flow forecasts derived from the most recent financial budgets approved by the Directors for the period up to year 2027 and with the residual period using growth rate of 0%. 2026 is the year that the Xiamen Company CGU and Jiangsu Company CGU expected to attain their effective capacity and stabilized operating efficiency.

24. Intangible assets (continued)

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

Key assumptions	2022	2021
Sales volume – Attainment of long term annual sales volume	Gradually attaining 17.5 GWh in FY2027	Gradually attaining 17.6 GWh in FY2026
Discount rate (post-tax) - Reflect current market assessment of time value of money and the risks specific to the CGU	11.7%	12%

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

Change in key assumptions	2022	2021
Sales volume	Expected annual sales volume reduced by 1.5 GWh for all years across the forecast period	Expected annual sales volume reduced by 2.1 GWh for all years across the forecast period
Discount rate (post-tax)	Increase of discount rate of 1.1%	Increase of discount rate of 1.9%

Management believes that any reasonably possible change in the key assumptions on which the Xiamen Company CGU's recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount. The headroom, expressed as a percentage of the CGU's recoverable amount is approximately 11% (2021: 20%) as at end of reporting period.

24. Intangible assets (continued)

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

Key assumptions	2022
Sales volume – Attainment of long-term annual sales volume	Gradually attaining 38.2 GWh in FY2027
Discount rate (post-tax) - Reflect current market assessment of time value of money and the risks specific to the CGU	10.9%

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

Change in key assumptions	2022
Sales volume	Expected annual sales volume reduced by 2.3 GWh for all years across the forecast period
Discount rate (post-tax)	Increase of discount rate of 1%

Management believes that any reasonably possible change in the key assumptions on which the Jiangsu Company CGU's recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount. The headroom, expressed as a percentage of the CGU's recoverable amount is approximately 9% as at end of reporting period.

25. Investments in subsidiaries

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

Name	Chengdu Company	
	2022	2021
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%
	RMB'000	RMB'000
Non-current assets	6,035,793	383,535
Current assets	2,465,548	255,392
Non-current liabilities	(3,821,794)	–
Current liabilities	(1,634,779)	(11,308)
Net assets	3,044,768	627,619
Accumulated NCI	1,416,967	145,098

	2022 RMB'000	2021 RMB'000
Revenue	1,344,170	–
Cost of sales	(1,306,109)	–
Gross profit	38,061	–
Loss before tax	(26,707)	(4,556)
Loss for the year	(4,350)	(3,881)
Total comprehensive expense	(4,350)	(3,881)
Loss allocated to NCI	(2,132)	(1,902)
Net cash generated from/(used in) operating activities	302,841	(4,585)
Net cash used in investing activities	(5,456,940)	(606,177)
Net cash generated from financing activities	5,779,890	631,500
Net increase in cash and cash equivalents	625,791	20,738

25. Investments in subsidiaries (continued)

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

Name	Wuhan Company	
	2022	2021
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%
	RMB'000	RMB'000
Non-current assets	4,517,707	276,763
Current assets	1,859,792	674,427
Non-current liabilities	(1,628,911)	–
Current liabilities	(1,561,732)	(54,080)
Net assets	3,186,856	897,110
Accumulated NCI	1,486,590	439,584

	2022 RMB'000	2021 RMB'000
Revenue	1,040,301	–
Cost of sales	(1,011,571)	–
Gross profit	28,730	–
Profit/(loss) before tax	38,116	(3,851)
Profit/(loss) for the year	36,747	(2,890)
Total comprehensive income/(expense)	36,747	(2,890)
Profit/(loss) allocated to NCI	18,006	(1,416)
Net cash generated from/(used in) operating activities	518,063	(1,875)
Net cash used in investing activities	(4,444,079)	(439,648)
Net cash generated from financing activities	3,776,992	900,000
Net (decrease)/increase in cash and cash equivalents	(149,024)	458,477

25. Investments in subsidiaries (continued)

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

Name	Hefei Company	
	2022	2021
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	80%/49%	80%/49%
	RMB'000	RMB'000
Non-current assets	4,740,580	25,480
Current assets	1,246,511	275,531
Non-current liabilities	(1,996,185)	–
Current liabilities	(1,084,661)	(1,577)
Net assets	2,906,245	299,434
Accumulated NCI	1,988,996	239,548

	2022 RMB'000	2021 RMB'000
Revenue	117,550	–
Cost of sales	(105,261)	–
Gross profit	12,289	–
Loss before tax	(21,361)	(753)
Loss for the year	(13,190)	(565)
Total comprehensive expense	(13,190)	(565)
Loss/profit allocated to NCI	(10,552)	(452)
Net cash used in operating activities	(11,874)	(682)
Net cash used in investing activities	(4,664,967)	(23,977)
Net cash generated from financing activities	4,597,497	300,000
Effect of foreign exchange rate changes	7,667	–
Net (decrease)/increase in cash and cash equivalents	(71,677)	275,341

25. Investments in subsidiaries (continued)

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

Name	Fujian Company	
	2022	2021
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	N/A
	RMB'000	RMB'000
Non-current assets	1,532,504	–
Current assets	2,213,459	–
Non-current liabilities	(298,565)	–
Current liabilities	(1,304,976)	–
Net assets	2,142,422	–
Accumulated NCI	1,176,697	–

	2022 RMB'000	2021 RMB'000
Revenue	8,559	–
Cost of sales	(7,232)	–
Gross profit	1,327	–
Profit before tax	1,896	–
Profit for the year	1,422	–
Total comprehensive income	1,422	–
Profit allocated to NCI	697	–
Net cash generated from operating activities	93,572	–
Net cash used in investing activities	(1,477,329)	–
Net cash generated from financing activities	2,519,244	–
Net increase in cash and cash equivalents	1,135,487	–

25. Investments in subsidiaries (continued)

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

Name	Jiangmen Company	
	2022	2021
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	N/A
	RMB'000	RMB'000
Non-current assets	2,185,970	–
Current assets	1,169,404	–
Non-current liabilities	(267,836)	–
Current liabilities	(928,978)	–
Net assets	2,158,560	–
Accumulated NCI	682,844	–

	2022 RMB'000	2021 RMB'000
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Loss before tax	(8,576)	–
Loss for the period/year	(6,440)	–
Total comprehensive expense	(6,440)	–
Loss allocated to NCI	(3,156)	–
Net cash generated from operating activities	331,367	–
Net cash used in investing activities	(1,859,527)	–
Net cash generated from financing activities	2,428,836	–
Net increase in cash and cash equivalents	900,676	–

25. Investments in subsidiaries (continued)

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

Name	Sichuan Company 2022	2021
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%
	RMB'000	RMB'000
Non-current assets	1,152,955	–
Current assets	244,314	–
Non-current liabilities	(169)	–
Current liabilities	(391,045)	–
Net assets	1,006,055	–
Accumulated NCI	444,047	–

	2022 RMB'000	2021 RMB'000
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Loss before tax	(2,288)	–
Loss for the year	(1,945)	–
Total comprehensive expense	(1,945)	–
Loss allocated to NCI	(953)	–
Net cash generated from operating activities	66,378	–
Net cash used in investing activities	(1,051,400)	–
Net cash generated from financing activities	1,007,827	–
Net increase in cash and cash equivalents	22,805	–

25. Investments in subsidiaries (continued)

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

Name	Luoyang Company As at 7 November 2021
Principal place of business/country of incorporation	PRC
% of ownership interests/voting rights held by NCI	25.63%/25.63%
	RMB'000 (Re-presented)
Non-current assets	2,559,234
Current assets	2,335,424
Non-current liabilities	(174,552)
Current liabilities	(3,155,393)
Net assets	1,564,713
Accumulated NCI	401,036

25. Investments in subsidiaries (continued)

	For the period from 1 January 2021 to 7 November 2021 RMB'000 (Re-presented)
Revenue	1,169,553
Cost of sales	(1,039,150)
Gross profit	130,403
Loss before tax	(100,514)
Loss for the period	(96,447)
Total comprehensive expense	(96,612)
Loss allocated to NCI	(24,719)
Net cash generated from operating activities	773,023
Net cash used in investing activities	(348,986)
Net cash used in financing activities	(467,443)
Net decrease in cash and cash equivalents	(43,406)

26. Investments in associates

	2022 RMB'000	2021 RMB'000
Unlisted investments:		
Share of net assets	16,351	657,416
Goodwill on acquisition	–	626,250
Less: Impairment loss – Note (b)	–	(178,700)
	16,351	1,104,966

26. Investments in associates (continued)

Details of the Group's associates are as follows:

Name	Place of incorporation and operations	Particulars of paid up/ registered capital	As at 31 December	Ownership interest attributable to the Group	Voting power	Profit sharing	Principal activities
滄州明珠鋰電隔膜有限公司 Cangzhou Mingzhu Lithium Battery Diaphragm Co., Ltd. ("Cangzhou Mingzhu") *@	The PRC	Paid-up capital of RMB118,400,000	2021	N/A	N/A	N/A	Manufacturing and retailing of battery permeable membrane
CALB USA INC. ("CALB USA") @	The United States (the "USA")	Paid-up capital of US$100,000	2021	N/A	N/A	N/A	Sales of lithium-ion battery
Luoyang Company – Note (b)	The PRC	Paid-up capital of RMB990,867,000	2021	49%	49%	49%	Design, research and development manufacturing and sales of EV battery for civil and military industrial use and ESS products
上海泛能新材料科技有限公司 Shanghai Fanneng New Material Technology Co., Ltd. *@	The PRC	Paid-up capital of RMB4,846,000	2021	N/A	N/A	N/A	Development and consultancy services of lithium-ion battery
大陸凱博動力電源系統(常州)有限公司 Continental Kaibo Power System (Changzhou) Co., Ltd. *#	The PRC	Registered capital of RMB130,000,000	2021	N/A	N/A	N/A	Production and development of battery
凱博(海南)私募基金管理有限公司 Kaibo (Hainan) Private Equity Fund Management Co., Ltd. *	The PRC	Paid-up capital of RMB10,000,000	2021 2022	30% 30%	30% 30%	30% 30%	Private equity fund management
江蘇動力及儲能電池創新中心有限公司 Jiangsu Power and Energy Storage Battery Innovation Center Co., Ltd. *	The PRC	Paid-up capital of RMB30,000,000	2021 2022	48% 48%	48% 48%	48% 48%	Engineering and technical research and experimental development
四川甘眉新航新能源資源有限責任公司	The PRC	Registered capital of RMB800,000,000	2022	40%	40%	40%	Research and development of emerging energy technology, mineral washing and processing and the exploration of mineral resources

26. Investments in associates (continued)

The associate was dissolved on 22 April 2021.

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

@ The entities ceased to be associates of the Group after the Company disposed 51% of equity interest in Luoyang Company, a company directly held the equity interest in such entities, in November 2021.

Notes:

(a) All of the above associates are accounted for using the equity method in the consolidated financial statements.

(b) The Group has disposed of 51% equity interests of Luoyang Company to 江蘇金壇金城科技產業發展有限公司 ("**Jincheng Technology**") on 8 November 2021 at the original consideration of RMB1,530 million. Upon completion of the disposal, the Group lost its control over Luoyang Company and accounted for as an associate with 23.37% retained equity interests. In November 2021, the Company acquired 25.63% equity interest of Luoyang Company from non-controlling interest shareholders. The Group had 49% equity interests in Luoyang Company as at 31 December 2021.

On 31 December 2021, Luoyang Company entered into entrusted processing framework agreement with the Company that had resulted in material change in the recoverable amount of Luoyang Company. As a result, the carrying amount of the 49% equity interests in Luoyang Company was determined to be impaired to its recoverable amount of RMB1,087.8 million with reference to the fair value of the net assets of Luoyang Company as at 31 December 2021. An impairment loss of RMB178.7 million was recognised in the year ended 31 December 2021.

(c) On 31 December 2021, Luoyang Company entered into entrusted processing framework agreement with the Company that would affect Luoyang Company's financial forecast. On 2 March 2022, Jintan Group entered into Non-Competition Agreement which resulted in material change in the operation mode and profit forecast of Luoyang Company, and reaffirming the financial impact implied by the entrusted processing framework agreement. Considering the impact of the Non-Competition Agreement, on 2 March 2022, the Company and Jincheng Technology entered into a supplemental agreement in respect of the 51% equity interests of Luoyang Company disposed by the Company to Jincheng Technology in November 2021, pursuant to which, the Company agreed to compensate Jincheng Technology in the amount of RMB397.8 million (being the difference between the market valuation of Luoyang Company at 31 December 2020 and the valuation of Luoyang Company as of 31 December 2021 multiply by 51%) (the "Compensation Arrangement"). Regulatory approvals by relevant state-owned assets supervision and administration department were required for the aforementioned disposal as well as the related compensation payment. The Company had the duty to report the resultant impact on operation mode and profit forecast of Luoyang Company once entering the entrusted processing framework agreement on 31 December 2021 and seek the approval from the relevant state-owned assets supervision and administration department for approval of adjustment of the original consideration for the Luoyang Company 51% equity interests disposal. The approval from state-owned assets supervision and administration department regarding the compensation amount was issued in March 2022. The compensation payment has a natural link to the original consideration of disposal. The Compensation Arrangement is an adjusting event after the reporting date, as that provides additional evidence for determination of the final consideration of disposing Luoyang Company 51% equity interests (by way of compensation payment to Jincheng Technology) related to conditions existed at the end of reporting period.

The compensation payment of RMB397.8 million was accounted for as a reduction of the original consideration of disposing Luoyang Company 51% equity interests amounted to RMB1,530 million, and the resulting consideration net of compensation is RMB1,132.2 million. Details are set out in note 47(a).

26. Investments in associates (continued)

Notes: (continued)

(d) On 3 March 2022, the Company entered into equity transfer agreement with 江蘇金航控股有限公司 (“**Jinhang Holding**”), pursuant to which the Company agreed to sell and Jinhang Holding agreed to purchase the Company’s remaining 49% of equity interests in Luoyang Company at a consideration of RMB1,087.8 million. The disposal resulted in a loss on disposal of associate of approximately RMB0.5 million.

The equity transfer agreement further provides that, during the transition period from 1 January 2022 to the date of disposal (i.e. 9 March 2022), the profit or loss of Luoyang Company shall be shared by Jinhang Holding. The Group has accounted for its remaining equity interests in Luoyang Company by the equity method as prescribed in IAS 28 – Investments in Associates and Joint Ventures during the aforementioned transition period and recorded RMB14,775,000 as its share of profit in Luoyang Company, Due to the operation of the above agreement for transition period profit or loss allocation, the Group has reversed the share of profit in Luoyang Company to Jinhang Holding for the period from 1 January 2022 to 9 March 2022 amounted to RMB14,775,000 in share of losses of associates for the year ended 31 December 2022.

The following table shows information on the associates that are material to the Group. The summarised financial information presented is based on the audited financial statements or management accounts of the associates prepared based on the local accounting standards and further adjusted to comply with IFRSs by the Company’s directors.

	CALB USA 2021 RMB’000	Cangzhou Mingzhu 2021 RMB’000
Non-current assets	–	–
Current assets	–	–
Non-current liabilities	–	–
Current liabilities	–	–
Net assets	–	–

26. Investments in associates (continued)

Reconciliation to the Group's interest in CALB USA and Cangzhou Mingzhou:

	CALB USA 2021 RMB'000	Cangzhou Mingzhu 2021 RMB'000
Proportion of the ownership	–	–
Groups share of net assets	–	–
Goodwill on acquisition	–	–
Carrying amount of the investment	–	–

	CALB USA For the period from 1 January 2021 to 7 November 2021 RMB'000	Cangzhou Mingzhu For the period from 1 January 2021 to 7 November 2021 RMB'000
Revenue	79,021	246,754
Profit from operations	6,045	79,219
Other comprehensive expense	(412)	–
Total comprehensive income	5,633	79,219
Dividend income from associates	–	–

	2021 RMB'000	2021 RMB'000
Non-current assets	–	–
Current assets	–	–
Non-current liabilities	–	–
Net assets	–	–

26. Investments in associates (continued)

	Luoyang Company 2021 RMB'000 (Re-presented)
Non-current assets	2,450,693
Current assets	2,617,963
Non-current liabilities	(135,100)
Current liabilities	(3,339,103)
Net assets	1,594,453

Reconciliation to the Group's interest in Luoyang Company:

	2021 RMB'000
Proportion of the ownership	49%
Group's share of net assets	781,282
Unrealised profit	(155,142)
Financial guarantees	14,110
Goodwill on acquisition	626,250
Impairment	(178,700)
Carrying amount of the investment	1,087,800

	For the period from 1 January 2022 to 8 March 2022 RMB'000	For the period from 8 November 2021 to 31 December 2021 RMB'000
Revenue	455,581	527,544
Profit from operations	24,208	239,726
Other comprehensive expense	–	(40)
Total comprehensive income	24,208	239,686
Dividend income from associates	–	–

26. Investments in associates (continued)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2022 RMB'000	2021 RMB'000
Carrying amounts of interests	16,351	17,166

	2022 RMB'000	2021 RMB'000
Loss for the year/period, net	(815)	(335)
Other comprehensive income	–	–
Total comprehensive income	(815)	(335)

The Group has not recognised loss amounting to approximately RMB Nil (2021: RMB101,000). The accumulated losses not recognised at the end of reporting period were approximately RMB Nil (2021: RMB Nil).

The bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to RMB29,957,000 (2021: RMB651,798,000). Conversion of the mentioned balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. Inventories

	2022 RMB'000	2021 RMB'000
Raw materials	3,612,561	1,079,889
Work in progress	3,210,146	192,848
Finished goods	4,999,240	484,047
	11,821,947	1,756,784

28. Trade and bills receivables

	2022 RMB'000	2021 RMB'000
Trade receivables		
Receivables from third parties	3,609,901	1,477,522
Due from related parties (note 30)	330	666,037
Allowance for doubtful debts	(27,876)	(37,191)
	3,582,355	2,106,368
Bills receivables	1,753,102	608,336
	5,335,457	2,714,704

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

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

	2022 RMB'000	2021 RMB'000
0 to 180 days	3,518,891	2,077,688
181 to 365 days	44,688	7,559
1 – 2 years	18,776	21,121
	3,582,355	2,106,368

Reconciliation of allowance for trade receivables:

	2022 RMB'000	2021 RMB'000
At 1 January	37,191	119,614
(Reversal of allowance)/allowance for the year, net	(9,315)	26,600
Disposal of subsidiaries	–	(109,023)
At 31 December	27,876	37,191

28. Trade and bills receivables (continued)

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

Bills receivables represent short-term bank acceptance bills receivables that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 12 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable, The Group from time to time endorses bank acceptance bills to suppliers in order to settle trade payables and discounts bank acceptance bills to banks in order to obtain working capital.

The Group endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than 12 months from the end of the Reporting Period. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivables under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is remote. The Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, is amounted to RMB2,594,909,000 (2021: RMB111,950,000).

The Group discounted certain bank acceptance bills to banks for obtaining working capital and has derecognised these bank acceptance bills in their entirety. These discounted bank acceptance bills had a maturity date of less than 12 months from the end of the Reporting Period. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and the Group has minimum exposure in respect of the settlement obligation of these bills under the commercial practice in the PRC, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and chance of non-settlement of these bills by the issuing banks on maturity date is remote. The Group's maximum exposure to loss and undiscounted cash outflow, should the issuing banks fail to settle the bills on maturity date, is amounted to RMB940,033,000 (2021: RMB Nil).

28. Trade and bills receivables (continued)

Bills receivable of RMB108,810,000 (2021: RMB Nil) were discounted to banks or other financial institutions with recourse, where substantially the risks and rewards of ownership had not been transferred respectively, hence these discounted bills were not derecognised.

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

	2022 RMB'000	2021 RMB'000
RMB	5,306,777	2,707,451
US$	25,490	7,120
EUR	3,190	133
	5,335,457	2,714,704

29. Prepayments, deposits and other receivables

	2022 RMB'000	2021 RMB'000
Deposits paid for acquisition of property, plant and equipment	3,312,789	1,675,984
Prepayments	1,606,139	571,998
Other tax receivables	4,471,178	1,042,216
Government subsidies receivable	14,250	–
Other deposits	54,398	28,176
Other receivables	3,903	3,359
	9,462,657	3,321,733
Analysed as:		
Non-current assets	3,312,789	1,675,984
Current assets	6,149,868	1,645,749
	9,462,657	3,321,733

Deposit of RMB Nil (2021:RMB24,000,000) were paid to 常州市金壇區東鋰新能源科技發展有限公司 ("**Dongli New Energy Technology**"), a subsidiary of a shareholder of the Company, for purchasing property, plant and equipment. The amounts were non-trade in nature, unsecured, interest free and non-refundable.

Reconciliation of allowances for prepayments, deposits and other receivables:

	2022 RMB'000	2021 RMB'000
At 1 January	4,679	6,727
Allowance for the year	3,157	682
Disposal of subsidiaries	–	(2,730)
At 31 December	7,836	4,679

29. Prepayments, deposits and other receivables (continued)

The carrying amounts of the Group's prepayments, deposits and other receivables are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	9,094,608	3,321,128
US$	1,769	605
EUR	4,638	–
HKD	754	–
JPY	360,888	–
	9,462,657	3,321,733

30. Balances with related parties

	Note	2022 RMB'000	2021 RMB'000
Trade receivables			
– Luoyang Company		330	666,037
Allowance for doubtful debts		–	(10,783)
	28	330	655,254
Deposits paid for acquisition of property, plant and equipment			
Non-trade related			
– Dongli New Energy Technology	29	–	24,000
Amounts due from related parties			
Trade-related:			
– Luoyang Company	(iii)	951,956	813,073
Non-trade related:			
– Luoyang Company		–	132,278
– Huake Engineering*		314	536
– Jincheng Technology		–	979,200
		952,270	1,925,087
Allowance for doubtful debts		(116)	(155)
		952,154	1,924,932

30. Balances with related parties (Continued)

	Note	2022 RMB'000	2021 RMB'000
Trade payables			
– Luoyang Company	33	646,562	203,526
Amounts due to related parties			
Non-trade related:			
– Jiangsu Chengdong Construction#		469,356	9,814
– Luoyang Company		2,156	12,890
– Huake Engineering		140	160
		471,652	22,864
Total amounts due to related parties		471,652	22,864
Less: Amounts due to related parties – current portion		(471,652)	(22,864)
Total amount due to related parties – non-current portion		–	–

* Huake Engineering represents 常州華科工程建設有限公司.

Jiangsu Chengdong Construction represents 江蘇城東建設工程有限公司.

Notes:

(i) The trade-related outstanding balances with related parties are unsecured, non-interest bearing and repayable within credit term 180 days.

(ii) The non-trade related balances with related parties are unsecured, non-interest bearing and repayable on demand.

(iii) The balance represents the prepayment for the purchase of goods in accordance with the contractual term.

31. Other financial assets

(a) Financial assets at FVTPL

	2022 RMB'000	2021 RMB'000
Investment in a listed equity security, at fair value (i)	75,662	–
Investment in a unlisted debt instrument, at fair value (ii)	149,263	–
Investments in structured products, at fair value (iii)	–	3,713,705
	224,925	3,713,705
Analysed as:		
Current assets	75,662	3,713,705
Non-current assets	149,263	–
Current assets	224,925	3,713,705

(i) The Group invested RMB100 million in a company incorporated in the PRC and listed in the Shenzhen Stock Exchange and owned approximately 0.5% equity interests in the company. The fair value of the investment is based on current bid price.

(ii) The Group invested RMB149.5 million in a limited liability partnership ("LLP") set up in the PRC and being a limited partner. The investment period for LLP is six years and can be extended by one year if all partners agree. Such investment is a debt instrument and the fair value of such investment is based on the net assets value of the LLP.

(iii) The Group invested in certain short term structured products offered by bank in the PRC. The principals of investment were guaranteed by the bank under normal circumstances (except for forced majeure situations). The structured products offer variable returns ranged from 0.85% p.a. to 3.00% p.a. (2021: 0.8% p.a. to 3.3% p.a.) which depends on the settlement price of gold, market price of certain listed funds, ETF, index and exchange rate of foreign currency, at the end of the investment period of the structured products.

The fair value of the commodity linked structured products are based on the principals plus accrued returns estimated by the expected average returns on those contracts.

The carrying amount of the above financial assets are mandatorily measured at FVTPL in accordance with IFRS 9.

The investment in a listed equity security offers the Group's the opportunity for return through dividend income and fair value gains. It has no fixed maturity or coupon rate.

The Group's financial assets at FVTPL are denominated in RMB.

31. Other financial assets (continued)

(b) Financial assets at FVTOCI

	2022 RMB'000	2021 RMB'000
Certificate of deposit (i)	101,428	2,468,870
Investment in a listed equity security, at fair value (ii)	234,590	–
Investment in unlisted equity security, at fair value (iii)	286,712	–
	622,730	2,468,870
Analysed as:		
Current assets	101,428	2,468,870
Non-current assets	521,302	–
	622,730	2,468,870

(i) The Group invested in "3-year certificate of deposit" offered by bank in the PRC with the terms that the Group could not withdraw the deposits in advance but could sell them to others. The annual interest rates are fixed in the range of 3.15% p.a. to 3.79% p.a. (2021: 3.15% p.a. to 3.79% p.a.). As the Group managed the above financial product with the objective of both the collection of contractual cash flows and sale, it was recognised as financial assets at FVTOCI in the consolidated financial statements.

(ii) The Group invested HK$392.5 million in a company incorporated in the PRC and dually listed in the main board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange and owned approximately 0.3% equity interests in the company. Such investment is not held for trading and the Group has irrevocably elected at initial recognition to recognise in this category. It is a strategic investment and the Group considers this classification to be more relevant. The fair value of the investment is based on current bid price.

(iii) The Group invested HK$360 million in a limited partnership fund ("LPF") set up in Hong Kong. The investment period for the LPF is indefinite. Such investment is not held for trading and the Group has irrevocably elected at initial recognition to recognise in this category. The fair value of such investment is based on the net assets value of the LPF.

The carrying amounts of the Group's financial assets at FVTOCI are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	101,428	2,468,870
HKD	521,302	–
	622,730	2,468,870

32. Pledged bank deposits, restricted bank balances and bank and cash balances

(a) Pledged bank deposits

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group for issuance of bank acceptance bills. The amount was denominated in RMB.

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(b) Restricted bank balances

The Group's restricted bank balances represented bank balances restricted for construction of lithium-ion battery manufacturing plant. The amount was denominated in RMB.

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(c) Bank and cash balances

Bank and cash balances of the Group and denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	9,313,895	3,086,563
US$	106,797	17,861
HKD	1,445,687	–
EUR	65,435	5,094
	10,931,814	3,109,518

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

33. Trade and bills payables

	2022 RMB'000	2021 RMB'000
Trade payables		
Payables to third parties	7,656,059	3,241,652
Due to related parties (note 30)	646,562	203,526
Bills payables	13,344,141	2,871,688
	21,646,762	6,316,866

Bills payables were secured by bills receivables of RMB757,722,000 (2021: RMB476,004,000).

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

	2022 RMB'000	2021 RMB'000
0 to 180 days	8,297,125	3,439,948
181 – 365 days	4,939	976
1 – 2 years	11	654
Over 2 years	546	3,600
	8,302,621	3,445,178

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

	2022 RMB'000	2021 RMB'000
RMB	21,642,493	6,314,271
US$	4,269	2,595
	21,646,762	6,316,866

34. ACCRUALS AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Deposits received	380,581	82,074
Accrued salaries	279,685	139,657
Accrued expenses	359,096	142,838
Fund advanced from government related entity (note)	1,269,760	500,000
Payable for property, plant and equipment	4,697,186	1,207,095
Other tax payables	43,436	21,406
Other payables	60,465	25,709
	7,090,209	2,118,779

Note: Finance Bureau of Xiamen City ultimately controlled certain shareholders of the Company and has significant influence over the Group. During the years ended 31 December 2021 and 2022, the Group received certain funds from the Xiamen City government-related entity. An amount of RMB500 million brought forward from year 2021 was recognised as government grant and transferred to deferred income during the year. Another RMB675 million advanced from the Xiamen City government-related entity during the year have not yet been recognised as government grant as at 31 December 2022 because the Group had not yet received the official confirmation of intended conditions attaching to the grant.

During the year ended 31 December 2022, the Group also received certain funds from the government – related entities of Jiangmen City, Wuhan City and Pengshan District. The funds of RMB594.76 million have not yet been recognised as government grant as at 31 December 2022 as the Group had not yet received the official confirmation of meeting the conditions attaching to the grant.

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

	2022 RMB'000	2021 RMB'000
RMB	7,036,779	2,098,449
JPY	52,740	20,330
EUR	690	–
	7,090,209	2,118,779

35. Contract liabilities

Contract liabilities are mainly advance payments from customers. The amounts are expected to be recognised as revenue within 1 year from the end of the respective reporting period.

	2022 RMB'000	2021 RMB'000
Billings in advance of performance obligation – arising from sales of products	490,532	106,918

Movements in contract liabilities:

	2022 RMB'000	2021 RMB'000
Balance at beginning of year	106,918	32,014
Increase in contract liabilities as a result of billings in advance of battery sales	490,532	122,989
Decrease in contract liabilities as a result of recognising revenue during the year	(106,918)	(32,014)
Disposal of subsidiaries	–	(16,071)
Balance at end of year	490,532	106,918

36. Deferred income

	2022 RMB'000	2021 RMB'000 (Re-presented)
Government subsidies	679,250	835,145
Analysed as:		
Non-current liabilities	679,250	835,145

The movements in deferred income related to government grants and subsidies during the year are as follows:

	2022 RMB'000	2021 RMB'000 (Re-presented)
At 1 January	835,145	8,327
Received	764,728	6,459
Transferred from other payables	500,000	1,000,000
Transferred to property, plant and equipment	–	(2,356)
Released to profit or loss#	(1,420,623)	(172,185)
Disposal of subsidiaries	–	(5,100)
At 31 December	679,250	835,145

The government subsidies of approximately RMB1,417,311,000 (2021: RMB129,732,000) were released to profit or loss by deducting the related cost of sales and expenses.

Various government grants have been received for basic research and development activities. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position.

Government grants related to assets are deducted from cost of related assets (note 21) and are recognised in profit or loss over the life of the depreciable assets as a reduced depreciation expense.

37. Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	28,881	12,221	23,969	11,042
In the second to fifth years, inclusive	103,471	16,449	92,448	15,709
	132,352	28,670	116,417	26,751
Less: Future finance charges	(15,935)	(1,919)	N/A	N/A
Present value of lease obligations	116,417	26,751	116,417	26,751
Less: Amount due for settlement within 12 months (shown under current liabilities)			(23,969)	(11,042)
Amount due for settlement after 12 months			92,448	15,709

The weighted average incremental borrowing rates applied to lease liabilities:

	2022	2021
	%	%
Range from	4.75	4.75

The Group's lease liabilities are denominated in RMB.

38. Bank borrowings

	2022 RMB'000	2021 RMB'000
Bank borrowings	17,707,476	2,890,647

The borrowings are repayable as follows:

	2022 RMB'000	2021 RMB'000
Within one year	2,479,634	3,647
More than one year, but not exceeding two years	1,265,720	240,469
More than two years, but not more than five years	10,599,004	1,713,390
More than five years	3,363,118	933,141
	17,707,476	2,890,647
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,479,634)	(3,647)
Amount due for settlement after 12 months	15,227,842	2,887,000

The carrying amounts of the Group's borrowings are denominated in the RMB.

The average interest rates at 31 December 2021 and 2022 were as follows:

	2022 %	2021 %
Bank borrowings	4.06	4.41

38. Bank borrowings (continued)

The following bank loans are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

	2022 RMB'000	2021 RMB'000
Arranged at fixed interest rates	3,578,534	–

As at 31 December 2022, bank loans of RMB10,993,530,000 (2021: RMB2,887,000,000), are secured by the Group's property, plant and equipment of RMB975,977,000 (2021: RMB1,003,207,000) (note 21) and right-of-use assets of RMB455,500,000 (2021: RMB167,356,000) (note 22).

39. Provisions

	Warranties RMB'000 (note a)	Litigations RMB'000 (note b)	Total RMB'000
At 1 January 2021	84,827	–	84,827
Additional provisions	127,205	–	127,205
Disposal of subsidiaries	(59,768)	–	(59,768)
Provisions used	(15,868)	–	(15,868)
At 31 December 2021 and 1 January 2022	136,396	–	136,396
Additional provisions	382,154	8,640	390,794
Provisions used	(18,364)	–	(18,364)
At 31 December 2022	500,186	8,640	508,826

Notes:

(a) A provision for warranties is recognised when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 3 to 8 years from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(b) As further set out in note 48(b), the Group has received civil judgements from the Fuzhou Intermediate Court regarding the Claims related to Patent I, Patent III and Patent IV during November 2022 to February 2023. The civil judgements are the first instance judgement, instead of the final effective judgement. The Group will appeal against the first instance judgement to the Supreme Court and the Group is not required to pay the compensation amount in the first instance judgement at present.

The analysis and views of the Company's external legal advisors indicating the compensation amounts under the first instance judgements of Patent I, Patent III and Patent IV could be excessive. After assessment, the Directors estimate that the probable total compensation amount for the Claims related to Patent I, Patent III and Patent IV, if any, is RMB8,640,000.

40. Deferred tax

Deferred tax liabilities

	Revaluation of assets RMB'000	Fair value change of financial assets at FVTPL RMB'000	Accelerated depreciation RMB'000	Total RMB'000
At 1 January 2021	43,074	362	4,653	48,089
Disposal of subsidiaries	(39,452)	–	–	(39,452)
(Credit)/charge to profit or loss for the year (note 15)	(3,622)	1,693	(551)	(2,480)
At 31 December 2021 and 1 January 2022	–	2,055	4,102	6,157
(Credit)/charge to profit or loss for the year (note 15)	–	(2,055)	106,566	104,511
At 31 December 2022	–	–	110,668	110,668

Deferred tax assets

	Tax losses RMB'000	Allowance on inventory RMB'000	Allowance on trade receivables RMB'000	Deferred revenue RMB'000	Warranty provision RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	66,528	10,567	17,941	24,764	12,724	15,099	147,623
Disposal of subsidiaries	–	(6,107)	(16,251)	(9,613)	(9,914)	(9,180)	(51,065)
(Charge)/credit to profit or loss for the year (note 15)	2,898	2,729	4,967	203,943	23,212	28,230	265,979
At 31 December 2021 and 1 January 2022	69,426	7,189	6,657	219,094	26,022	34,149	362,537
(Charge)/credit to profit or loss for the year (note 15)	163,921	41,352	(2,450)	(66,514)	82,358	(13,961)	204,706
Credit to other comprehensive income for the year	–	–	–	–	–	15,137	15,137
At 31 December 2022	233,347	48,541	4,207	152,580	108,380	35,325	582,380

40. Deferred tax (continued)

Deferred tax assets (continued)

As at 31 December 2022, deferred tax asset of RMB233,347,000 (2021: RMB69,426,000) was recognised in respect of unused tax losses of RMB1,095,900,000 (2021: RMB317,717,000). According to financial forecast, the Directors have exercised their judgement to assess that there will be sufficient future taxable profits available to offset against the unused tax losses. These tax losses are expected to expire after 5 to 10 years from the year of assessment they related to.

No deferred tax asset has been recognised in respect of tax losses amounted to RMB953,387,000 (2021: RMB480,896,000) due to the unpredictability of future profit streams.

41. Financial guarantees

The Company has provided guarantees in respect of bank loans and banking facilities granted to the Company's subsidiaries and Luoyang Company. Pursuant to the terms of guarantees, if there are any defaults on the loans or similar balances, the Company is responsible to repay the outstanding principal together with accrued interests and other costs owed by the defaulting subsidiaries/associate to the banks. The Group and the Company have adopted the accounting policy for financial guarantee contracts as set out in note 5(s).

The maximum potential liability of the Company at 31 December 2022 in respect of the amount of bank loans drawn and other banking facilities utilised by the subsidiaries (2021: subsidiaries and Luoyang Company) under the guarantees at that date is RMB2,890 million (2021: RMB500 million).

The maximum potential liability of the Group at 31 December 2022 in respect of financial guarantee of bank loan granted to Luoyang Company was RMB Nil (2021: RMB140,000,000).

42. Put option liabilities

	RMB'000
At 1 January 2021	–
Issue of puttable equity – Note (i)	926,620
Changes in fair value during the year	14,512
At 31 December 2021 and 1 January 2022	941,132
Issue of puttable equity – Note (i)	5,365,847
Changes in fair value during the year	(275,669)
Transferred to equity	(6,031,310)
At 31 December 2022	–

	2022 RMB'000	2021 RMB'000
Analysed as:		
Current liabilities	–	941,132

During the year ended 31 December 2021 and 2022, the Company has signed investment agreements containing put options ("Written Put Option(s)") with non-controlling interest shareholders of the Company's subsidiaries namely, Chengdu Company, Wuhan Company, Hefei Company, Fujian Company, Jiangmen Company and Sichuan Company. The Written Put Options give the non-controlling interest shareholders the right to demand that the Company repurchases the equity interests of the subsidiaries held by the non-controlling shareholders within specified periods at the put option exercise prices.

The Company has presented the Written Put Options as financial liabilities (i.e. put-option liabilities) with a corresponding debit entry to equity under reserve relating to the Written Put Options. According to the investment agreements, if the Company completes a listing of the Company's shares on any domestic or foreign stock exchange, the Written Put Options will lapse automatically and at that time the related liabilities would be transferred to equity of the Company.

42. Put option liabilities (continued)

Terms of the Written Put Options are set out below:

Subsidiary	Last day of exercise	Redemption amounts	Fair value at 31 December 2022 RMB'000	Fair value at 31 December 2021 RMB'000
Chengdu Company	29 May 2028	The higher of (i) value of equity interest held by non-controlling shareholder as determined by qualified professional valuer and (ii) investment principal paid by non-controlling interest shareholder	N/A	175,635
Wuhan Company	15 July 2026	To be determined with reference to valuation assessment of relevant government regulating agency	N/A	481,799
Hefei Company	25 September 2028	The highest of (i) the value of equity interest held by non – controlling shareholder as determined by qualified professional valuer and (ii) investment principal paid by non-controlling shareholder plus 6% p.a. simple interest	N/A	283,698
Fujian Company	22 February 2027	To be determined with reference to valuation assessment of relevant government regulating agency	N/A	–
Jiangmen Company	23 February 2030	To be determined with reference to valuation assessment of relevant government regulating agency	N/A	–
Sichuan Company	2 April 2028	To be determined with reference to valuation assessment of relevant government regulating agency	N/A	–
			N/A	941,132

42. Put option liabilities (continued)

Note:

(i) The fair value of redemption amounts are estimated by the Directors using the amounts injected by non-controlling shareholders of the subsidiaries, the internal rate of return ("IRR") of respective underlying projects and assuming the non-controlling interest shareholders will exercise the Written Put Options at end of the respective exercisable period. The Directors are of the opinion that the IRR used in the feasibility study of the underlying projects undertaken by the subsidiaries are the best estimate for the purpose of estimating the future redemption amounts payable by the Company. The IRR is ranged approximately from 8.9% to 13.5% (2021: from 11.4% to 13.5%). When measuring the financial liabilities of the Company and the Group for the Written Put Options, the Company's discount rate of approximately 10.3% to 12.5% is used.

43. Share-based payments

During the year ended 31 December 2019, the Company approved and adopted a share incentive scheme ("2019 Share Incentive Scheme") involving 6 senior management, namely, Ms. Liu Jingyu, Dr. Pan Fangfang, Mr. Dai Ying, Mr. Geng Yan'an, Mr. Wang Xiaoqiang and Mr. He Fan (collectively, the "Six Senior Management"). The purposes of the 2019 Share Incentive Scheme are to retain and incentivise the Six Senior Management in relation to operation targets of a subsidiary, Xiamen Company.

The Six Senior Management have formed a limited company, Xiamen Lihang Equity Investment ("Share Incentive Vehicle"). A limited partnership company, Lihang Jinzhi ("Partnership") was formed, and the Share Incentive Vehicle and a related entity of a government shareholder of the Company ("Jinyuan Industry") were required to contribute RMB10 million and RMB1,500 million, respectively to the Partnership. After that, the Partnership has subscribed for registered capital of the Company.

The Partnership has a prescribed operation period of 10 years, and all investment proceeds of it (after deducting expenses and tax), including all distribution, interest and dividend from the Company will be distributed to the Share Incentive Vehicle and the Jinyuan Industry in the following manner:

(a) Distribute to the Share Incentive Vehicle and the Jinyuan Industry proportionally to their capital contribution of the Partnership until they fully recover their capital contributions to it;

(b) Any investment proceeds in excess of (a) above will be firstly distributed to the Jinyuan Industry in an amount that represent 6% annual return to its capital contribution to the Partnership;

(c) 2 years after all legal and regulatory requirements for freely disposing the Partnership's equity interest in the Company are fulfilled, and after the distributions in (a) and (b) above, the Partnership shall dispose of all its equity interest in the Company. 20% of the net proceeds from the disposal will be distributed to the Share Incentive Vehicle and the remaining 80% will be distributed to the Jinyuan Industry.

43. Share-based payments (continued)

The manner of distribution above enables the Six Senior Management to receive possible future cash proceeds, through the Share Incentive Vehicle, that are disproportionate to their share of capital injections into the Partnership and the amount of such future cash proceeds to be received by the Share Incentive Vehicle will depend on many factors including future price of the Company's equity, vesting date and other factors.

The awards of the 2019 Share Incentive Scheme have been accounted for as equity-settled share-based payment. The management estimate the fair value of the awards and the length of the vesting period at grant date. The date of vesting will need to be re-estimated at each reporting date. The share-based payment expense will be recognised over the vesting period with a corresponding credit to equity of the consolidated statement of financial position as a capital contribution from government shareholder of the Company.

Independent professional valuer was engaged to assist the management to determine the grant date fair value of the awards by binomial tree method with the following assumptions and inputs:

Vesting date initially estimated	30 July 2027
Price per each registered capital of the Company	RMB1.02
Risk free rate	3.69%
Dividend yield	Nil
Estimated volatility of return of the Company's equity	53.72%

The fair value of the awards at grant date is estimated to be approximately RMB163 million. The following table set out the estimated vesting date adopted at each reporting date and the share-based payment expense charged to the consolidated profit and loss of the Group.

	Estimated vesting date	Share-based payment expense RMB'000
For the year ended 31 December 2022	30 July 2024	40,631
For the year ended 31 December 2021	30 July 2025	29,284

44. Share capital/paid-in capital

	Note	2022 Number of Shares	2022 Amount RMB'000	2021 Number of Shares	2021 Amount RMB'000
At the beginning of the year		1,506,456,558	1,506,457	12,768,773,097	12,768,773
Issuance of ordinary shares upon initial public offering	*(i)*	265,845,300	265,845	–	–
Reduction of capital and conversion to a joint stock limited company	*(ii)*	–	–	(11,568,773,097)	(11,568,773)
Capital contribution from owners of the Company	*(iii)*	–	–	306,456,558	306,457
At the end of the year		1,772,301,858	1,772,302	1,506,456,558	1,506,457

Notes:

(i) On 6 October 2022, the Company issued 265,845,300 H shares with a nominal value of RMB1.00 each at a price of HK$38.00 per share by way of initial public offering to global investors. Net proceeds after deducting related listing fee from such issuance amounted to RMB8,947 million out of which RMB266 million and approximately RMB8,681 million were recorded in share capital and capital reserve respectively.

(ii) On 10 November 2021, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net asset of the Company as of the conversion base date, including paid-in capital, safety production fund and accumulated losses, amounting to approximately RMB12,803 million were converted into 1,200,000,000 shares with a nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's capital reserve.

(iii) In July 2021, 湖北小米長江產業基金合夥企業(有限合夥) ("**Xiaomi Yangtze River Industry**") agreed to subscribe for increased registered capital of approximately RMB12,000,000 at a consideration of approximately RMB500 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB488 million was credited to the Company's capital reserve. The fund of capital increase were received in August 2021 and the registration of equity transfer were completed on 12 November 2021.

In July 2021, 創合鑫材(廈門)製造業轉型升級基金合夥企業(有限合夥) ("**Chuanghe Xincai**") agreed to subscribe for increased registered capital of approximately RMB7,200,000 at a consideration of approximately RMB300 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB292.8 million was credited to the Company's capital reserve. The fund of capital increase were received in August 2021 and the registration of equity transfer were completed on 12 November 2021.

During July to August 2021, a group of Pre-IPO Investors agreed to subscribe for increased registered capital of approximately RMB212,158,000 at an aggregate consideration of approximately RMB8,839.9 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB8,627.74 million was credited to the Company's capital reserve. The fund of capital increase were received by October 2021 and the registration of equity transfer were completed on 12 November 2021.

44. Share capital/paid-in capital (continued)

Notes: (continued)

(iii) (continued)

In August 2021, 江蘇金壇國發國際投資發展有限公司 ("**Jintan International**") agreed to subscribe for increased registered capital of approximately RMB24,000,000 at the consideration of approximately RMB1,000 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB976 million was credited to the Company's capital reserve. The fund of capital increase were received by December 2021 and the registration of equity transfer were completed on 12 November 2021.

In August 2021, 廈門金鋰貳號股權投資合夥企業(有限合夥) ("**Xiamen Jinli No. 2**") agreed to subscribe for increased registered capital of approximately RMB24,000,000 at a consideration of approximately RMB1,000 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB976 million was credited to the Company's capital reserve. The fund of capital increase were received in August 2021 and the registration of equity transfer were completed on 12 November 2021.

In September 2021, 常州鋰航凱博拾壹號實業投資合夥企業(有限合夥) ("**Changzhou Lihang Kaibo No. 11**") agreed to subscribe for increased registered capital of approximately RMB8,642,400 at a consideration of RMB360.10 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB351.458 million was credited to the Company's capital reserve. The fund of capital increase were received in September 2021 and the registration of equity transfer were completed on 12 November 2021.

In October 2021, 天津順盈投資中心(有限合夥) ("**Shunying Investment**"), 北京中關村國盛創業投資中心(有限合夥) ("**Zhongguancun Guosheng**"), 中航投資控股有限公司 ("**Aviation Investment**"), 江西洪都航空工業股份有限公司 ("**Hongdu Airline**") and 中國空空導彈研究院 ("**Missile Academy**"), minority shareholders of Luoyang Company, subscribed for increased registered capital of approximately RMB18,457,000, which was settled by way of transferring their total of 25.63% equity interest in Luoyang Company. The amount of capital contribution in excess of the increased registered capital amounted to approximately RMB750.567 million was credited to the Company's capital reserve. The registration of equity transfer were completed on 12 November 2021.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity including non-controlling interests.

44. Share capital/paid-in capital (continued)

Net debt includes amounts due to related parties (non-trade nature), lease liabilities, interest-bearing bank borrowings, other loans, financial guarantees and put option liabilities, less cash and cash equivalents. Adjusted capital comprises all components of the Group's equity including non-controlling interests. The Group's policy is to maintain financial stability and support the sustainable, healthy, and rapid development of the Group's business. This policy will be reviewed on an annual basis.

	2022 RMB'000	2021 RMB'000
Amounts due to related parties – non-trade in nature	471,652	22,864
Lease liabilities	116,417	26,751
Bank borrowings	17,707,476	2,890,647
Financial guarantees	–	12,354
Put option liabilities	–	941,132
	18,295,545	3,893,748
Less: Cash and cash equivalents	(10,931,814)	(3,109,518)
Net debt	7,363,731	784,230
Total equity including noncontrolling interests	41,575,459	24,986,124
Debt-to-equity ratio	0.18	0.03

45. Statement of financial position and reserve movement of the company

(a) Statement of financial position of the Company

	2022 RMB'000	2021 RMB'000 (Re-presented)
Non-current assets		
Property, plant and equipment	35,535	43,729
Right-of-use assets	18,616	19,587
Intangible assets	308,285	338,120
Investments in subsidiaries	21,505,507	12,167,408
Investments in an associate	9,466	990,090
Loan to a subsidiary	1,095,607	–
Other financial assets	383,853	–
Deposits paid for acquisition of property, plant and equipment	374,516	182,107
Deferred tax assets	120,129	66,053
	23,851,514	13,807,094
Current assets		
Inventories	1,367,444	–
Trade and bills receivables	19,171,098	6,289,155
Prepayments, deposits and other receivables	1,513,876	325,908
Amounts due from related parties	4,074,058	4,623,097
Other financial assets	75,662	6,182,575
Pledged bank deposits	759,522	513,403
Restricted bank balances	252	252
Bank and cash balances	6,334,934	1,666,586
	33,296,846	19,600,976
Current liabilities		
Trade and bills payables	19,916,647	6,545,048
Accruals and other payables	340,583	156,183
Contract liabilities	539,259	106,031
Amounts due to related parties	84,137	191,501
Lease liabilities	711	554
Bank borrowings	773,543	1,291
Provisions	136,089	80,767
Financial guarantees	31,490	78,956
Put option liabilities	–	941,132
	21,822,459	8,101,463
Net current assets	11,474,387	11,499,513
Total assets less current liabilities	35,325,901	25,306,607

45. Statement of financial position and reserve movement of the company (continued)

(a) Statement of financial position of the Company (continued)

	2022 RMB'000	2021 RMB'000 (Re-presented)
Non-current liabilities		
Deferred income	2,110	–
Lease liabilities	451	1,264
Bank borrowing	1,300,000	1,087,000
Deferred tax liabilities	–	2,056
	1,302,561	1,090,320
NET ASSETS	34,023,340	24,216,287
Capital and reserves		
Share capital/Paid-in capital	1,772,302	1,506,457
Reserves	32,251,038	22,709,830
TOTAL EQUITY	34,023,340	24,216,287

Approved by the Board of Directors on 28 March 2023 and are signed on its behalf by:

LIU Jingyu

DAI Ying

45. Statement of financial position and reserve movement of the company (continued)

(b) Reserve movement of the Company

	Capital reserve RMB'000	Contribution from shareholder RMB'000	Safety production fund RMB'000	Other reserve RMB'000	Put option reserve RMB'000	Accumulated losses RMB'000 (Re-presented)	Total RMB'000
At 1 January 2021	130,718	29,065	5	–	–	(568,509)	(408,721)
Total comprehensive income for the year	–	–	–	–	–	43,363	43,363
Converted into a joint stock company with limited liability (note 44(ii))	11,188,346	–	(7)	–	–	380,434	11,568,773
Proceeds from paid-in capital (note 44(iii))	11,702,000	–	–	–	–	–	11,702,000
Increasing shareholding of an associate	750,567	–	–	–	–	–	750,567
Disposal of subsidiaries	–	–	–	(160)	–	(48,663)	(48,823)
Issue of puttable equity (note 42)	–	–	–	–	(926,620)	–	(926,620)
Share-based payments (note 43)	–	29,284	–	–	–	–	29,284
Safety production fund	–	–	2	–	–	5	7
Changes in equity for the year	23,640,913	29,284	(5)	(160)	(926,620)	375,139	23,118,551
At 31 December 2021	23,771,631	58,349	–	(160)	(926,620)	(193,370)	22,709,830

	Capital reserve RMB'000	Contribution from shareholder RMB'000	Other reserve RMB'000	Put option reserve RMB'000	Financial assets at FVTOCI reserve RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000
At 1 January 2022	23,771,631	58,349	(160)	(926,620)	–	(193,370)	22,709,830
Total comprehensive income for the year	–	–	–	–	(85,778)	239,082	153,304
Disposal of associates	–	–	160	–	–	–	160
Issue of puttable equity (note 42)	–	–	–	(5,365,847)	–	–	(5,365,847)
Transferred from put option liabilities (note 42)	–	–	–	6,031,310	–	–	6,031,310
Share-based payments (note 43)	–	40,631	–	–	–	–	40,631
Issuance of ordinary shares upon initial public offering (note 44(i))	8,681,650	–	–	–	–	–	8,681,650
Changes in equity for the year	8,681,650	40,631	160	665,463	(85,778)	239,082	9,541,208
At 31 December 2022	32,453,281	98,980	–	(261,157)	(85,778)	45,712	32,251,038

46. Reserves

(a) The Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) Nature and purpose of reserves

(i) Capital reserve

Under PRC rules and regulations, capital reserve is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Merger reserve

Merger reserve represents the difference of consideration paid and the carrying amount of net assets acquired in a combination under common control.

(iii) Safety production fund

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve at different rates ranging from 0.05% to 2% of the total revenue recognised for the previous year. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(iv) Contribution from shareholder

The share-based payments as set out in note 43 are credited as contribution from shareholder.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policies set out in note 5(f) to the consolidated financial statements.

(vi) Other reserve

The other reserve represents the share of other comprehensive income of associates.

(vii) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 5(n) to the consolidated financial statements.

47. Notes to the consolidated statement of cash flows

(a) Disposal of subsidiaries

On 8 November 2021, the Group disposed of 51% equity interest in Luoyang Company to Jincheng Technology the consideration of RMB1,530 million with corresponding RMB397.8 million compensation to Jincheng Technology determined subsequently. After the disposal, the Group held 23.37% equity interest in Luoyang Company and recognised such interest as investments in associates. Details of the compensation arrangement are set out in note 26(c).

A summary of the effects of the disposal of Luoyang Company (including CALB (Beijing)) at the date of disposal is as follows:

	RMB'000 (Re-presented)
Property, plant and equipment	2,045,264
Right-of-use assets	161,915
Intangible assets	145,986
Investments in associates	77,089
Deposits paid for acquisition of property, plant and equipment	77,915
Deferred tax assets	51,065
Inventories	877,091
Trade and bills receivables	921,257
Prepayment, deposits and other receivables	91,110
Amounts due from related parties	101,373
Pledged bank deposits	167,238
Bank and cash balances	177,355
Trade and bills payables	(1,166,906)
Accruals and other payables	(160,840)
Amounts due to related parties	(1,573,410)
Contract liabilities	(16,071)
Bank borrowings	(308,398)
Provisions	(59,768)
Deferred income	(5,100)
Deferred tax liabilities	(39,452)
Net assets disposed of	1,564,713
Non-controlling interests	(401,036)
Goodwill	140,097
Retained interest in associate	(518,814)
Gain on disposal of subsidiaries	347,240
Total consideration (net of compensation) (note 26(c))	1,132,200
Satisfied by:	
Cash consideration received	153,000
Amount due from Jincheng Technology (note 30)	979,200
	1,132,200
Net cash outflow arising on disposal:	
Cash consideration received	153,000
Cash and cash equivalents disposed of	(177,355)
	(24,355)

47. Notes to the consolidated statement of cash flows (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2022 RMB'000	Cash flows RMB'000	Inception of leases RMB'000	Interest expenses (note 14) RMB'000	Effect of lease modification RMB'000	31 December 2022 RMB'000
Lease liabilities (note 37)	26,751	(22,408)	114,304	4,691	(6,921)	116,417
Bank borrowing (note 38)	2,890,647	14,461,092	–	355,737	–	17,707,476
	2,917,398	14,438,684	114,304	360,428	(6,921)	17,823,893

	1 January 2021 RMB'000	Cash flows RMB'000	Inception of leases RMB'000	Interest expenses (note 14) RMB'000	Disposal of Subsidiaries (note 47(a)) RMB'000	Non Cash transactions RMB'000	31 December 2021 RMB'000
Lease liabilities (note 37)	10,958	(327)	21,297	695	–	(5,872)	26,751
Bank borrowing (note 38)	827,459	2,290,467	–	81,119	(308,398)	–	2,890,647
Other loans	273,546	(248,263)	–	6,717	–	(32,000)	–
	1,111,963	2,041,877	21,297	88,531	(308,398)	(37,872)	2,917,398

47. Notes to the consolidated statement of cash flows (continued)

(c) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	2022 RMB'000	2021 RMB'000
Within operating cash flows	89,357	22,723
Within investing cash flows	920,862	267,869
Within financing cash	18,027	222
	1,028,246	290,814

These amounts relate to the following:

	2022 RMB'000	2021 RMB'000
Lease rental paid	107,384	22,945
Payments for right-of-use assets	920,862	267,869
	1,028,246	290,814

48. Contingent liabilities

(a) The Group endorsed certain bank acceptance bills for the settlement of trade and other payables and discounted certain bank acceptance bills to banks for obtaining working capital. The outstanding endorsed and discounted bank acceptance bills are generally with maturities no more than 12 months. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards relating to these bills, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of default in payment of the endorsed and discounted bills is low because they were issued or guaranteed by reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed or discounted bills as at the end of Reporting Period are as follows:

	2022 RMB'000	2021 RMB'000
Endorsed or discounted bills	3,534,942	111,950

48. Contingent liabilities (continued)

(b) During 2021, Contemporary Amperex Technology Co., Limited ("CATL") has brought four intellectual property infringement claims (for Patent I, Patent II, Patent III and Patent IV, as defined in the Prospectus of the Company dated 23 September 2022) against the Company (each a "Claim" and together, the "Claims"). Luoyang Company is also a joint defendant in the Claim related to Patent II. CATL petitioned to immediately stop infringing the relevant patents (including, without limitation, to cease manufacturing, selling or offering to sell relevant products that apply the relevant patents), the Group to pay in aggregate amount of RMB485 million (including royalties payable during the temporary protection period for invention patents) to CATL as compensation for such alleged intellectual property infringements and bear the RMB2.7 million expenses. The Directors were of the view that the Claims were lacking in merit and it was not probable that an outflow of economic benefits will be required to settle the Claims related to Patent I, Patent II, Patent III and Patent IV.

Accordingly, the Group had the following contingent liabilities as at 31 December 2021:

Claim related to:	Damages claimed by CATL RMB'000	Expenses claimed by CATL RMB'000
Patent I relates to battery cathode piece technology	30,000	500
Patent II relates to an air tightness detection structure of explosion-proof device arranged on the battery cover	365,000*	1,200*
Patent III relates to retaining structure that remains fixed when the connector of battery current collector is bending	12,000	500
Patent IV relates to battery negative pole pieces technology	78,000	500

* The Company and Luoyang Company are joint defendants of claim related to Patent II, and Luoyang Company will bear its respective portion of compensation and expenses as determined by the Court. The initial amount claimed by CATL under the Claim in relation to Patent II was RMB99 million (comprising damages of RMB98 million and cost incurred by CATL of RMB1 million) and was increased to RMB366.2 million (comprising damages of RMB365 million and costs incurred by CATL of RMB1.2 million) in May 2022.

48. Contingent liabilities (continued)

(b) (continued)

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

The civil judgments on Patent I, Patent III and Patent IV made by Fuzhou Intermediate Court between November 2022 and February 2023 were first-instance judgments, but not final and effective judgments. The Company has appealed to the Supreme People's Court within the appeal period, and the company currently does not need to pay the first-instance compensation of Fuzhou Intermediate Court. Even if the Supreme People's Court supports CATL's plea of "immediately stopping the infringement of relevant patents" in the second instance, according to the assessment of the estimated compensation amount of the Company's internal legal counsel and external legal counsel, the compensations of above-mentioned claims are more likely to be reduced in the second-instance trial. After due consideration accordingly, the Company made a total provision of RMB8.64 million for the claims of Patent I, Patent III and Patent IV based on the assessment result of the compensation amounts of the internal legal counsel and external legal counsel. Details are as follows:

During November 2022, the Company received a civil judgement from the Fuzhou Intermediate Court regarding the Claim related to Patent III, the salient contents of which are: (1) the Group shall immediately cease selling products infringing the relevant patent, (2) the Group shall compensate CATL for its economic loss of RMB2.63 million and reasonable costs of RMB0.2 million, (3) the Group to pay RMB0.13 million fees for the temporary protection period for the relevant patent, and (4) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 30 November 2022. Due to this latest development, management has made provision in relation to this case and details are set out in note 39(b) of the consolidated financial statements.

During February 2023, the Company received a civil judgement from the Fuzhou Intermediate Court regarding the Claim related to Patent IV, the salient contents of which are: (1) the Group shall immediately cease selling products infringing the relevant patent, (2) the Group shall compensate CATL for its economic loss of RMB35.8 million and reasonable costs of RMB0.2 million, (3) the Group to bear the costs for protection of the relevant patents during the temporary period of RMB0.8 million, and (4) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 21 February 2023. Due to this latest development, management has made provision in relation to this case and details are set out in note 39(b) of the consolidated financial statements.

48. Contingent liabilities (continued)

(b) (continued)

During February 2023, the Company received a civil judgement from the Fuzhou Intermediate Court regarding the Claim related to Patent I, the salient contents of which are: (1) the Group shall immediately cease manufacturing and selling products infringing the relevant patent, (2) the Group shall compensate CATL for its economic loss of RMB20.1 million and reasonable costs of RMB0.2 million, and (3) other claims filed by CATL were rejected. Details are set out in the Company's announcement dated 21 February 2023. Due to this latest development, management has made provision in relation to this case and details are set out in note 39(b) of the consolidated financial statements.

As set out above, the Group has made total provision of RMB8.64 million for claims in relation to Patent I, III and IV.

After assessing the analysis and views of the Company's internal legal counsel and external legal advisors, the Directors are of the view that the Claims relating to Patent II and Patent VI are lacking in merit and it is not probable that an outflow of economic benefits will be required to settle the Claims.

Accordingly, the Group's contingent liabilities related to the Claims as at 31 December 2022 are set out below:

Claim related to:	Damages claimed by CATL RMB'000	Expenses claimed by CATL RMB'000
Patent II relates to an air tightness detection structure of explosion-proof device arranged on the battery cover	365,000*	1,200*
Patent VI relates to battery package assembly	130,000*	500*

* The Company and Luoyang Company are joint defendants of claim related to Patent II and Patent VI, and Luoyang Company will bear its respective portion of compensation and expenses as determined by the Court.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2022.

49. Capital commitments

Commitments contracted for at the end of the respective reporting periods but not yet incurred are as follows:

	2022 RMB'000	2021 RMB'000
Property, plant and equipment	28,629,450	16,857,495
Intangible assets	24,786	37,492
Leasehold Lands	15,045	–
Capital contribution to associates	320,000	–
Capital contribution to partnership funds	215,500	–
	29,204,781	16,894,987

50. Operating lease arrangements

The Group as lessee

The Group regularly entered into short-term leases for office equipment, staff quarters, office premise, factories, motor vehicles and warehouses. As at 31 December 2021 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 22.

As at 31 December 2021 and 2022, the outstanding lease commitments relating to these short-term leases are RMB1,071,000 and RMB29,757,000 respectively.

The Group as lessor

Operating leases relate to property owned by the Group with lease terms of 1 year. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	–	–
In the second year	–	–
	–	–

The following table presents the amounts reported in profit or loss:

	2022 RMB'000	2021 RMB'000
Lease income on operating leases	5,147	7,490

51. Related party transactions

(a) Names and relationships of the related parties that had material transactions and balances with the Group during the year:

Name of party	Relationship
常州華科工程建設有限公司Changzhou Huake Engineering Construction Co., Ltd.* ("Huake Engineering")	Shareholder
中航鋰電（洛陽）有限公司China Lithium Battery Technology (Luoyang) Co., Ltd.* ("Luoyang Company")	Entity controlled by shareholders of the Company@
江蘇金壇金城科技產業發展有限公司Jiangsu Province Jintan Jincheng Technology Industry Development Co., Ltd.* ("Jincheng Technology")	Entity controlled by shareholders of the Company
江蘇城東建設工程有限公司Jiangsu Chengdong Construction Projects Co., Ltd.* ("Jiangsu Chengdong Construction")	Entity controlled by shareholders of the Company
江蘇城東信息科技有限公司Jiangsu Chengdong Information Technology Co., Ltd.* ("Jiangsu Chengdong Information")	Entity controlled by shareholders of the Company
常州市金壇區東鋰新能源科技發展有限公司 Changzhou City Jintan District Dongli New Energy Technology Development Co., Ltd.* ("Dongli New Energy Technology")	Entity controlled by shareholders of the Company
廈門金圓投資集團有限公司Xiamen Jinyuan Industry Investment Group Company Limited* ("Jinyuan Investment")	Entity controlled by shareholders of the Company

* The official names of these entities are in Chinese. The English translation of the names are for identification purpose only.

@ Luoyang Company ceased to be an associate after the Company disposed of 49% equity interests of Luoyang Company on 9 March 2022 and became an entity controlled by shareholders of the Company.

51. Related party transactions (continued)

(b) The Group had the following material transactions with its related parties during the year:

	2022 RMB'000	2021 RMB'000
Revenue from sales of goods to		
– CALB USA*	–	51,650
– Luoyang Company	–	32,640
Entrusted processing services from		
– Luoyang Company	3,486,061	206,704
Purchase of goods and services from		
– Luoyang Company	816	49,454
Purchase of intangible assets from		
– Luoyang Company	–	323,921
Purchase of property, plant and equipment from		
– Dongli New Energy Technology	91,455	–
– Luoyang Company	–	12,887
Disposal of property, plant and equipment to		
– Luoyang Company	214	88,422
Proceeds from disposal of 51% equity interest in Luoyang Company to		
– Jincheng Technology	–	1,132,200
Rental fee income from		
– Huake Engineering	4,409	3,793
Rental fee charged by		
– Huake Engineering	1,201	137
– Jiangsu Chengdong Construction	4,696	5,872
Construction fees charged by		
– Jiangsu Chengdong Construction	493,229	1,058,911
– Jiangsu Chengdong Information	–	398

* CALB USA ceased to be a related party of the Group after the Company disposed 51% equity interest in Luoyang Company, a company directly held the equity interest in such entities, in November 2021.

In December 2021, Luoyang Company had caused its trade receivables due from external customers of approximately RMB188,907,000 being novated to the Group for the same amount of trade payables owed to the Group by Luoyang Company. After the novation, the Group shall collect the trade receivables directly from those original external customers of Luoyang Company. The abovementioned novated trade receivables are included in the amounts disclosed in note 28.

51. Related party transactions (continued)

(b) The Group had the following material transactions with its related parties during the year: (continued)

Since March 2021, Jinyuan Investment has been providing financial guarantee to a subsidiary of the Group, Xiamen Company in favour of a group of 6 banks, to guarantee the payment obligation of 80% principal amount (being RMB2,000 million) of a loan in the principal amount of RMB2,500 million for a term of 8 years. The guarantee period of Jinyuan Investment took effective from the date of entering into the guarantee agreement to three years after the expiration of repayment obligation by Xiamen Company under the loan agreement.

Since January 2022, Jinyuan Investment has been providing another financial guarantee to Xiamen Company in favour of a group of 6 banks to guarantee the payment obligation of 80% principal amount (being RMB2,000 million) of a loan in the principal amount of RMB2,500 million for a term of 8 years. The guarantee period of Jinyuan Investment took effective from the date of entering into the guarantee agreement to three years after the expiration of repayment obligation by Xiamen Company under the loan agreement.

(c) Balances with related parties

Details of the Group's balances with related parties at the end of reporting period are disclosed in note 30.

(d) The remuneration of directors, supervisors and other members of senior management during the year was as follows:

	Fees RMB'000	Salaries, bonus and allowances RMB'000	Equity-settled share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Dr. Pan Fangfang (潘芳芳博士)	–	4,044	8,126	32	12,202
Mr. Geng Yan'an (耿言安先生)	–	3,077	6,094	58	9,229
Ms. Gao Yan (高豔女士)	–	2,366	–	43	2,409
Mr. Wang Xiaoqiang (王小強先生) (Note (ii))	–	1,839	2,032	11	3,882
Mr. He Fan (何凡先生) (Note (iii))	–	1,852	2,032	38	3,922
Mr. Xie Qiu (謝秋先生) (Note (iv))	–	1,853	–	32	1,885
Directors and supervisors as disclosed in note 18(a)	180	9,329	22,347	112	31,968
Total for year ended 31 December 2022	180	24,360	40,631	326	65,497

51. Related party transactions (continued)

(d) The remuneration of directors, supervisors and other members of senior management during the year was as follows: (continued)

	Salaries, bonus and allowances RMB'000	Equity-settled share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Dr. Pan Fangfang (潘芳芳博士)	3,060	5,857	32	8,949
Mr. Geng Yan'an (耿言安先生)	2,692	4,393	57	7,142
Ms. Gao Yan (高豔女士)	1,910	–	39	1,949
Mr. Wang Xiaoqiang(王小強先生) (Note (ii))	1,554	1,464	7	3,025
Mr. He Fan (何凡先生) (Note (iii))	1,266	1,464	36	2,766
Mr. Xie Qiu (謝秋先生) (Note (iv))	1,178	–	32	1,210
Directors and supervisors as disclosed in note 18(a)	8,173	16,107	97	24,377
Total for year ended 31 December 2021	19,833	29,285	300	49,418

Notes:

(i) The amounts disclosed above represent remuneration paid or payable to the directors and other members of senior management of the Company as key management personnel of the Group's entities.

(ii) Mr. Wang Xiaoqiang was appointed as vice president on 15 November 2021.

(iii) Mr. He Fan was appointed as vice president on 15 November 2021.

(iv) Mr. Xie Qiu was appointed as vice president on 15 November 2021.

52. Events after the reporting period

Save as the event occurred in February 2023 in relation to Patent I and Patent IV as disclosed in note 48(b), the Group had no other material event after the reporting period as at 31 December 2022.

Financial Summary

	2022 RMB'000	2021 RMB'000 (Re-presented)	2020 RMB'000 (Re-presented)	2019 RMB'000 (Re-presented)
Revenue	**20,374,942**	6,817,115	2,825,419	1,733,832
Cost of sales	**(18,271,422)**	(6,306,165)	(2,345,087)	(1,471,940)
Gross profit	**2,103,520**	510,950	480,332	261,892
Investment and other income	**191,430**	176,247	31,644	18,662
Government grants and subsidies	**17,419**	80,317	14,271	108,424
Other (losses) and gains, net	**(62,872)**	(89,541)	61,906	(142,008)
Selling expenses	**(288,264)**	(149,167)	(82,332)	(52,523)
Administrative expenses	**(590,974)**	(334,419)	(228,660)	(165,751)
Research and development expenses	**(664,758)**	(222,523)	(191,504)	(126,242)
Gain on disposal of subsidiaries	**–**	347,240	–	–
Impairment loss on investment in associates	**–**	(178,700)	–	–
Impairment losses on trade and bill receivables	**9,315**	(26,600)	(23,351)	(35,418)
Impairment losses on prepayments, deposits and other receivables	**(3,157)**	(682)	(1,281)	(1,659)
Profit/(loss) from operations	**711,659**	113,122	61,025	(134,623)
Finance costs	**(65,217)**	(24,975)	(57,365)	(41,175)
Share of (losses)/profits of associates	**(815)**	(24,714)	637	(8,715)
Profit/(loss) before tax	**645,627**	63,433	4,297	(184,513)
Income tax credit/(expense)	**47,910**	48,107	(22,625)	28,112
Profit/(loss) for the year	**693,537**	111,540	(18,328)	(156,401)
Attributable to:				
Owners of the Company	**691,626**	140,029	5,157	(118,690)
Non-controlling interests	**1,911**	(28,489)	(23,485)	(37,711)
	693,537	111,540	(18,328)	(156,401)
Non-current assets	**53,101,171**	20,034,407	10,519,656	6,281,947
Current assets	**37,359,447**	18,586,078	7,570,795	4,607,428
Total assets	**90,460,618**	38,620,485	18,090,451	10,889,375
Current liabilities	**32,774,951**	9,890,350	5,066,820	3,633,200
Non-current liabilities	**16,110,208**	3,744,011	415,010	1,190,376
Total liabilities	**48,885,159**	13,634,361	5,481,830	4,823,576

Definitions and Glossary

"Articles of Association"	the Articles of Association of the Company currently in force
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Company", "CALB", "we" or "us"	CALB Group Co., Ltd. (中創新航科技集團股份有限公司), H Shares of which are listed on the Stock Exchange with stock code of 3931
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
"H Share Shareholder(s)"	holder(s) of H Shares
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any entity(ies) or person(s) who, to the best of the knowledge, information and belief of the Directors, is/are not a connected person(s) of the Company within the meaning ascribed thereto under the Listing Rules

"Jincheng Technology"	Jiangsu Jintan Jincheng Technology Industry Development Co., Ltd.* (江蘇金壇金城科技產業發展有限公司), a company established under the laws of the PRC with limited liability on 7 December 2015 and wholly owned by Jintan Holding, a connected person of the Company
"Jinhang Holding"	Jiangsu Jinhang Holding Co., Ltd.* (江蘇金航控股有限公司), a company established under the laws of the PRC with limited liability on 2 March 2022, which is owned as to 40% by Jincheng Technology, 30% by Cai Dongze (蔡東澤), an Independent Third Party, 12.5% by Nanjing Ruiguan Enterprise Management Centre (Limited Partnership)* (南京瑞冠企業管理中心(有限合夥)), 12.5% by Wuxi Fengshenghui Enterprise Management Partnership Business (Limited Partnership)* (無錫豐晟匯企業管理合夥企業(有限合夥)) and 5% by Jiangsu Fengchuang Environmental Energy Co., Ltd* (江蘇楓創環保能源有限公司), an Independent Third Party. Jinhang Holding is a connected person of our Company
"Jinsha Investment	Changzhou Jinsha Technology Investment Co., Ltd.* (常州金沙科技投資有限公司), a company established under the laws of the PRC with limited liability on 4 May 2008 and wholly owned by Jintan Holding
"Jintan Group"	namely Jinsha Investment, Huake Engineering, Huake Investment, Jintan International, Jintan Hualuogeng and Jintan Holding
"Jintan Holding"	Jiangsu Jintan Investment Holding Co., Ltd.* (江蘇金壇投資控股有限公司), a company established under the laws of the PRC with limited liability on 16 September 2014 and wholly owned by the Government of Jintan District, a connected person of the Company
"Jintan Hualuogeng"	Jiangsu Jintan Hualuogeng Technology Industry Development Co., Ltd.* (江蘇金壇華羅庚科技產業發展有限公司), a company established under the laws of the PRC with limited liability on 12 December 2014 and owned as to 90% by Jintan Holding and 10% by Changzhou Investment Group Co., Ltd.* (常州投資集團有限公司), respectively, a connected person of the Company
"Jintan International"	Jiangsu Jintan National Development International Investment Development Co., Ltd.* (江蘇金壇國發國際投資發展有限公司), a company established under the laws of the PRC with limited liability on 16 December 2010 and exercising its voting rights in our Shares in accordance with the instructions of Jintan Holding, a connected person of our Company
"Jinyuan Industry"	Xiamen Jinyuan Industry Development Company Limited* (廈門金圓產業發展有限公司), a company established under the laws of the PRC with limited liability on 13 August 2014 and wholly owned by Jinyuan Investment, one of our Pre-IPO Investors and Substantial Shareholders

"Jinyuan Investment"	Xiamen Jinyuan Investment Group Co., Ltd.* (廈門金圓投資集團有限公司), a company established under the laws of the PRC with limited liability on 13 July 2011 and wholly owned by the Finance Bureau of Xiamen City* (廈門市財政局), one of our Pre-IPO Investors and Substantial Shareholders
"Latest Practicable Date"	21 April 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its printing
"Lihang Jinzhi"	Xiamen Lihang Jinzhi Equity Investment Partnership (Limited Partnership)* (廈門鋰航金智股權投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 29 July 2019 whose general partner is Xiamen Lihang Equity Investment, one of our Pre-IPO Investors, a connected person of our Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Luoyang Company"	China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司), a company established under the laws of the PRC with limited liability on 14 September 2009 and formerly our controlling Shareholder and subsequently became a subsidiary of our Company. As of the Latest Practicable Date, Luoyang Company is owned as to 51% by Jincheng Technology and 49% by Jinhang Holding, and a connected person of our Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"PRC" or "China"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 23 September 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) in the issued capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
"Shareholder(s)"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"%"	percent

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中創新航科技集團股份有限公司
CALB Group Co., Ltd.