Application Proof of

CATL

Contemporary Amperex Technology Co., Limited
寧德時代新能源科技股份有限公司

(the "**Company**")

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

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate that:

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or supplemental, revised or replacement pages on the Stock Exchange's website does not give rise to any obligation of the Company, its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) this document is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, advisers or underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;

(j) as there may be legal restrictions on the publication of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

No offer or invitation will be made to the public in Hong Kong until after a prospectus of the Company has been registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be published to the public during the offer period.

IMPORTANT

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Contemporary Amperex Technology Co., Limited
寧德時代新能源科技股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
[REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars)**
Nominal Value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**
(in alphabetical order)

BofA Securities **CICC** **China Securities International** **J.P. Morgan**

[REDACTED]
(in alphabetical order)

Goldman Sachs **Morgan Stanley** **UBS**

A copy of this document, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" to this document, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this document or any other document referred to above.

The **[REDACTED]** will be HK$**[REDACTED]** per **[REDACTED]** unless otherwise announced. **[REDACTED]** applying for the **[REDACTED]** will be required to pay, subject to the channel of application, the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% upon application.

The **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**, and with our consent) may, where considered appropriate and with our consent, reduce the number of the **[REDACTED]** and/or the **[REDACTED]** that stated in this document at any time prior to the morning of the last day for lodging **[REDACTED]** under the **[REDACTED]**. In such a case, notices of the reduction in the number of the **[REDACTED]** and/or the **[REDACTED]** be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.catl.com** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day for lodging applications under the **[REDACTED]**. For details, see "Structure of the **[REDACTED]**" and "How to Apply for the **[REDACTED]**."

Prior to making an **[REDACTED]** decision, prospective **[REDACTED]** should carefully consider all of the information set out in this document, including but not limited to the risk factors set out in the section headed "Risk Factors" in this document.

The obligations of the [REDACTED] under the [REDACTED] to [REDACTED] for, and to procure [REDACTED] for the [REDACTED] for, the [REDACTED], are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. For details, see "[REDACTED] — [REDACTED] Arrangements — [REDACTED] — Grounds for Termination."

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be **[REDACTED]**, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The **[REDACTED]** are being **[REDACTED]** and sold (i) solely to **[REDACTED]** as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

CONTENTS

IMPORTANT NOTICE TO [REDACTED]

This document is issued by our Company solely in connection with the **[REDACTED]** ***and the*** **[REDACTED]** ***and does not constitute an*** **[REDACTED]** ***to sell or a solicitation of an*** **[REDACTED]** ***to buy any security other than the*** **[REDACTED]** ***by this document pursuant to the*** **[REDACTED]*****. This document may not be used for the purpose of, and does not constitute, an*** **[REDACTED]** ***or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a*** **[REDACTED]** ***of the*** **[REDACTED]** ***or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for the purposes of a*** **[REDACTED]** ***and the*** **[REDACTED]** ***and sale of the*** **[REDACTED]** ***in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.***

You should rely only on the information contained in this document to make your **[REDACTED]** ***decision. The*** **[REDACTED]** ***is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by our Company, the Joint Sponsors, the*** **[REDACTED]*****, the*** **[REDACTED]*****, the*** **[REDACTED]*****, the*** **[REDACTED]** ***and the*** **[REDACTED]*****, any of the*** **[REDACTED]*****, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the*** **[REDACTED]**.

CONTENTS

CONTENTS

***This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document carefully before you decide to* [REDACTED] *in the* [REDACTED].**

***There are risks associated with any* [REDACTED]. *Some of the particular risks in* [REDACTED] *in the* [REDACTED] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED].**

OVERVIEW

We are a globally leading innovative new energy technology company, primarily engaged in the research, development, production, and sales of EV batteries and ESS batteries. We aim to drive the transition from mobile and stationary fossil energy sources to sustainable alternatives, as well as creating integrated innovative solutions for new applications through advancements in electrification and intelligent technologies. As of September 30, 2024, we had established six major R&D centers and 13 battery manufacturing bases worldwide, with service outlets spanning 64 countries and regions. We have the broadest coverage of customer and end-user base globally. By the end of November 2024, our EV batteries were installed in approximately 17 million vehicles, which represents one in every three EVs worldwide, and our ESS batteries were deployed in over 1,700 projects across the globe.

Leveraging decades of extensive experience we have accumulated in the lithium-ion battery industry, we have developed proprietary full-chain and highly efficient R&D capabilities, which lead to our comprehensive and advanced matrix of products and solution. It can be applied to passenger vehicle (PV), commercial vehicle (CV), front-of-the-meter (FTM) energy storage system, behind-the-meter (BTM) energy storage system, and emerging applications such as machinery, vessels, aircraft and others. Our products effectively meet the evolving and diverse needs of global customers.

We actively participate in the development of industry standards and subject matter research in the global lithium-ion battery industry, driving the industry's sustainable development. By the end of 2024, we are part of over 160 domestic and international industry associations, among others: the Global Battery Alliance, International Renewable Energy Agency, European Battery Alliance, and China Association of Automobile Manufacturers.

Through our relentless efforts, we are highly recognized by global customers and widely acclaimed in the market. Our major accomplishments include:

EV Battery[1]

No. 1 Globally for 8 Consecutive Years

36.8%
Global Market Share from Jan. to Nov. 2024

26.8%, No. 1 in Non-China Markets
From Jan. to Nov. 2024

ESS Battery[2]

No. 1 Globally for 3 Consecutive Years

40.0%
Global Market Share in 2023

Select Markets[3]

72% of the High-End Passenger EV
Market in China

80% of the E-Bus
Market in China

71% of the E-Truck
Market in China

R&D[4]

RMB66.2 Bn
Cumulative R&D Spent from 2015 to September 2024

39,792 Patents
Authorized/pending

Products

TECHNOBEST 2024 Award, AUTOBEST
Shenxing battery

The Best Inventions of 2022, TIME Magazine
Qilin battery

Manufacturing[5]

Largest Globally: 646 GWh
Annualized Production Capacity, 2024

World's Only 3 Lighthouse Factories
In the Lithium-ion Battery Industry

DPPB
Single-Cell Failure

Notes:

1 The rankings and market shares are based on global EV battery usage volume, according to the GGII Report. The eight consecutive years refer to 2017 to 2024, and the 2024 ranking is based on January to November statistics.

2 The rankings and market shares are based on global ESS battery shipment, according to the GGII Report. The three consecutive years refer to 2021 to 2023.

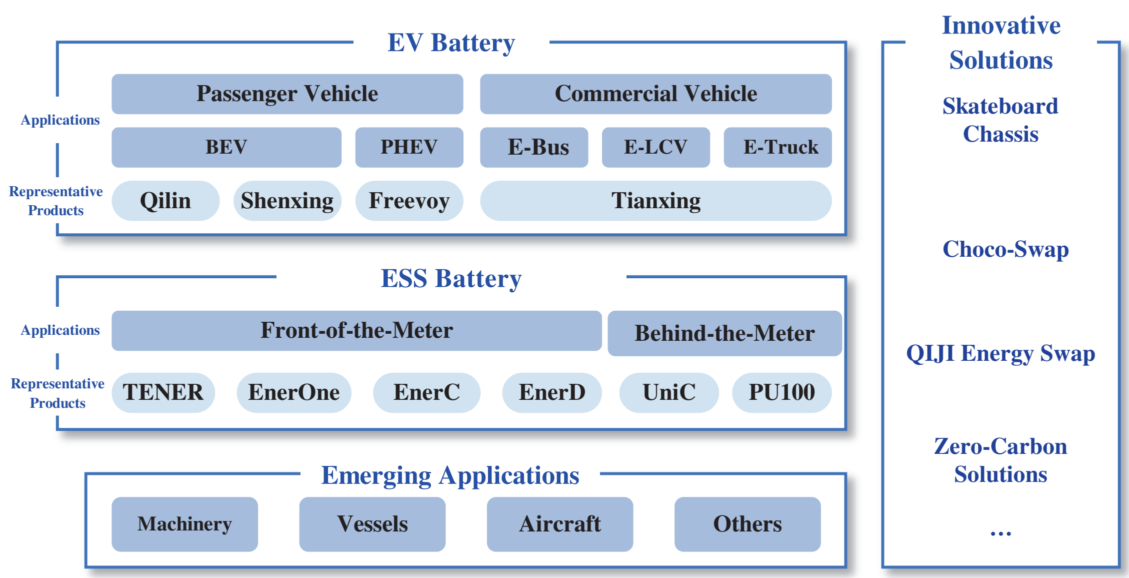
3 High-end passenger EV is defined as a vehicle priced over RMB250,000, according to the GGII Report. Market shares are calculated based on data in 2024.

4 The number of patents is as of September 30, 2024.

5 The annualized production capacity is calculated by multiplying our production capacity for the six months ended June 30, 2024, by two.

Our Business

We are dedicated to providing best-in-class EV and ESS batteries and related solutions for global new energy applications, as outlined below:



In addition, we secure the supply of key upstream resources and materials for battery production through battery materials and recycling, and investment, development and operation of mineral resources. For details about each of our business segments, see "Business — Our Products and Solutions."

Our Innovations

Our innovation has three strategic directions: (i) replacing mobile fossil energy sources, (ii) replacing stationary fossil energy sources and (iii) integrated innovation of new applications. We focus our efforts on innovation around battery materials and electro-chemistries, system structures, and green extreme manufacturing, as well as business model innovation. We have consistently launched new technologies, products and business models that drive the industry forward. For details, see "Business — Our Innovations."

Our Global Presence

Our business spans the globe. We adopt a "customer-centric" approach and established various long-term and in-depth strategic partnerships with globally renowned automotive OEMs, ESS integrators, project developers or operators. By the end of 2024, nine out of the top ten global automotive OEMs by EV sales volume are our customers, according to the GGII Report. Our automotive OEM customers include BMW, Mercedes-Benz, Stellantis, Volkswagen, Ford, Toyota, Hyundai, Honda, Volvo, SAIC, Geely, NIO, Li Auto, Yutong, and Xiaomi. Our ESS customers and partners include NextEra, Synergy, Wärtsilä, Excelsior, Jupiter Power, Flexgen, China Energy Group, State Power Investment Corporation, China Huaneng Group, China Huadian Group and China National Petroleum Corporation. We further strengthen our collaboration with global customers through equity investments, JVs, and technology licensing. In 2023, 32.7% of our revenue was generated from overseas markets. As of September 30, 2024, we had established a global network of over 730 after-sales service stations, among which 156 are located overseas, continuously providing high-quality service to our global customers.

We have been expanding our global footprint in response to evolving customer demands. As of September 30, 2024, we operated 13 battery manufacturing bases around the world. Beyond China, we have established a manufacturing base in Thuringia, Germany, enabling us to become the world's first battery manufacturer to obtain Volkswagen module certification and the first in Europe to receive Volkswagen cell certification. Furthermore, we are actively preparing and advancing our plant in Hungary, our JV factory with Stellantis N.V. in Spain, and our battery value chain projects in Indonesia.

To actively advance our globalization, we emphasize our efforts on overseas operational support, supply chain expansion, resources and recycling, and international talent acquisition. These efforts aim to create an efficient multinational operational structure.

Our Financial Performance

We have achieved steady growth and outstanding financial performance over the years. For the years ended December 31, 2022 and 2023, our revenue was RMB328.6 billion and RMB400.9 billion, respectively. For the nine months ended September 30, 2024, our revenue was RMB259.0 billion. During this period, our profitability continued to improve, with net profit consistently increasing. For the years ended December 31, 2022 and 2023, our net profit was RMB33.5 billion and RMB47.3 billion, respectively, representing a year-on-year growth of 41.5%. For the nine months ended September 30, 2023 and 2024, our net profit was RMB32.5 billion and RMB38.8 billion, representing a period-on-period growth of 19.2%. Our net profit margin for the years ended December 31, 2022 and 2023, as well as the nine months ended September 30, 2024, was 10.2%, 11.8% and 15.0%, respectively. In the same periods, our ROE was 24.7%, 24.7% and 22.1%, respectively.

We have consistently maintained a robust cash flow position. The net cash flow generated from operating activities for the years ended December 31, 2022 and 2023, as well as for the nine months ended September 30, 2024, was RMB61.2 billion, RMB92.8 billion, and RMB67.4 billion, respectively.

Our Sustainability Initiatives

We actively promote the United Nations Sustainable Development Goals. As a member of the United Nations Global Compact ("UNGC"), we fully support its ten principles across four key areas: human rights, labor, environment, and anti-corruption. We have established a sustainability governance structure that integrates these principles into our daily operations, ensuring the effective advancement of our sustainability efforts.

Meanwhile, we continuously enhance the transparency of our external communications, conveying our sustainability values and concepts to a broader range of stakeholders. As of the Latest Practicable Date, we had published annual Corporate Social Responsibility and/or ESG reports for six consecutive years and Carbon Emission Accounting reports for three consecutive years. We conduct regular identification and analysis of material ESG topics, and conduct a review of material topic results of the previous year in accordance with the latest ESG regulations and policies, while also considering external stakeholder focus and industry practices.

We consider climate change and carbon emissions as essential factors for our sustainable development. In 2023, we released our "Zero Carbon Strategy" setting clear carbon neutrality goals: achieving carbon neutrality by 2025 in our core operations and by 2035 across the value chain. We continue to enhance our ecosystem and biodiversity protection strategies, formulating and publishing our "Biodiversity Commitment" and "Forest Resource Conservation Commitment." Adhering to a philosophy of seamlessly integrating business development with social responsibility, we actively participate in community development, educational support, disaster relief, environmental protection, and social welfare initiatives. Through dedicated charitable funds and financial donations, we fulfill our corporate citizenship responsibilities and promote social value cocreation.

We continuously enhance our ESG practice and have achieved steady improvement of ESG rating in recent years. We successfully maintain industry-wide leading positions in various mainstream ESG ratings.

COMPETITIVE STRENGTHS

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

- Competitive full-chain R&D moat built on our profound experience and unique methodology;
- Comprehensive and advanced product matrix, continuously trendsetting the industry;
- Multi-Dimensional expansion, creating a dominant position in emerging areas;
- Pioneering Zero Carbon practice, building Zero Carbon ecosystem; and
- Leading global footprint with unparalleled capabilities.

GROWTH STRATEGIES

Guided by the three strategic directions and four innovative systems, we drive the development of our business. We are committed to revolutionary battery technology innovation and large-scale commercial deployment, continuously expanding the applications of EV and ESS batteries. Through integrated innovation and zero-carbon solutions, we aim to reduce society's dependence on fossil fuels and contribute to global sustainable development.

Our three strategic directions center around *Electrochemical Energy Storage* + *Renewable Energy Generation*, *EV Battery* + *NEV*, and *Electrification* +*Intelligentization*. Innovation is in our DNA and serves as the driving force behind our sustainable development. Guided by our three strategic directions, we have established four innovative systems: "Battery Materials and Electro-chemistries Innovation," "System Structure Innovation," "Green Extreme Manufacturing Innovation," and "Business Model Innovation" to support our business development. We promote the four innovative systems through "open innovation."

CUSTOMERS AND SUPPLIERS

Our EV battery customers primarily consist of domestic and international automotive OEMs. Our ESS battery customers and partners mainly comprise ESS integrators and ESS project developers and operators. In 2022, 2023 and the nine months ended September 30, 2024, our revenue from the five largest customers in each year/period accounted for 35.3%, 36.8% and 37.4% of our total revenue in the year/period, respectively; and revenue from our largest customer in each year/period accounted for 11.6%, 12.5% and 15.4% of our total revenue in the year/period, respectively.

During the Track Record Period, our purchases from the five largest suppliers in each year/period accounted for 21.3%, 20.3% and 17.1% of our total purchases in the respective year/period; and purchases from our largest supplier in each year/period accounted for 5.4%, 5.3% and 5.9% of our total purchases in the respective year/period.

To the best knowledge of our Directors, none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately following the completion of the [**REDACTED**] had any interest in our five largest customers and suppliers during the Track Record Period.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
					(Unaudited)			
Revenue	328,593,988	100.0	400,917,045	100.0	294,677,251	100.0	259,044,749	100.0
Cost of sales	(270,629,780)	(82.4)	(323,982,130)	(80.8)	(237,675,466)	(80.7)	(194,352,590)	(75.0)
Gross profit	**57,964,208**	**17.6**	**76,934,915**	**19.2**	**57,001,785**	**19.3**	**64,692,159**	**25.0**
Research and development expenses	(15,510,453)	(4.7)	(18,356,108)	(4.6)	(14,875,734)	(5.0)	(13,073,136)	(5.0)
Administrative and other operating expenses	(8,103,787)	(2.5)	(10,526,439)	(2.6)	(8,217,842)	(2.8)	(8,488,817)	(3.3)
Selling expenses	(2,519,230)	(0.8)	(3,042,744)	(0.8)	(2,642,679)	(0.9)	(2,608,018)	(1.0)
Other income	7,047,244	2.1	14,883,428	3.7	10,131,710	3.4	14,081,544	5.4
Other gains and losses, net	1,285,908	0.4	410,724	0.1	(95,445)	(0.0)	(1,014,030)	(0.4)
Impairment losses	(3,973,175)	(1.2)	(6,107,968)	(1.5)	(3,096,622)	(1.1)	(7,543,427)	(2.9)
Finance costs	(2,132,375)	(0.6)	(3,446,516)	(0.9)	(2,317,681)	(0.8)	(2,966,060)	(1.1)
Share of results of associates and joint ventures, net	2,614,517	0.8	3,745,762	0.9	1,307,678	0.4	2,712,745	1.0
Profit before income tax	**36,672,857**	**11.2**	**54,495,054**	**13.6**	**37,195,170**	**12.6**	**45,792,960**	**17.7**
Income tax expense	(3,215,713)	(1.0)	(7,153,019)	(1.8)	(4,650,152)	(1.6)	(6,987,231)	(2.7)
Profit for the year/period	**33,457,144**	**10.2**	**47,342,035**	**11.8**	**32,545,018**	**11.0**	**38,805,729**	**15.0**
Profit for the year/period attributable to:								
Owners of the Company	30,729,164	9.4	44,702,249	11.1	31,174,229	10.6	36,073,548	13.9
Non-controlling interests	2,727,980	0.8	2,639,786	0.7	1,370,789	0.5	2,732,181	1.1

Revenue

During the Track Record Period, our revenue was derived primarily from EV batteries, ESS batteries, battery materials and recycling, and battery mineral resources. The following table sets forth the breakdown of our revenue by product type for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
EV batteries	236,593,497	72.0	285,252,917	71.2	212,604,509	72.1	175,542,789	67.8
ESS batteries	44,980,277	13.7	59,900,522	14.9	41,699,132	14.2	46,418,980	17.9
Battery materials and recycling	26,031,514	7.9	33,602,284	8.4	24,740,746	8.4	18,820,505	7.3
Battery mineral resources	4,508,633	1.4	7,734,151	1.9	5,967,306	2.0	4,526,676	1.7
Others [(1)]	16,480,067	5.0	14,427,171	3.6	9,665,558	3.3	13,735,799	5.3
Total	**328,593,988**	**100.0**	**400,917,045**	**100.0**	**294,677,251**	**100.0**	**259,044,749**	**100.0**

Note:

(1) Primarily including revenue generated from (i) sales of raw materials and scrap materials, and (ii) provision of research and development services.

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by product type for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
EV batteries	33,418,887	14.1	51,705,338	18.1	37,257,642	17.5	42,613,384	24.3
ESS batteries	6,282,252	14.0	11,174,430	18.7	8,540,818	20.5	13,199,740	28.4
Battery materials and recycling	5,525,484	21.2	3,824,539	11.4	3,705,242	15.0	2,091,643	11.1
Battery mineral resources	551,787	12.2	1,536,261	19.9	1,008,439	16.9	263,973	5.8
Others	12,185,798	73.9	8,694,347	60.3	6,489,644	67.1	6,523,419	47.5
Total	**57,964,208**	**17.6**	**76,934,915**	**19.2**	**57,001,785**	**19.3**	**64,692,159**	**25.0**

Our gross profit increased by 32.7% from RMB58.0 billion in 2022 to RMB76.9 billion in 2023, and increased by 13.5% from RMB57.0 billion for the nine months ended September 30, 2023 to RMB64.7 billion for the nine months ended September 30, 2024. Our gross profit margin increased from 17.6% in 2022 to 19.2% in 2023, and further increased from 19.3% for the nine months ended September 30, 2023 to 25.0% for the nine months ended September 30, 2024. Our gross profit margin showed continued growth during the Track Record Period, mainly because (i) the unit economics of our battery products remained stable while increasing, driven by the scaled commercial application of our innovative products, such as Qilin battery and Shenxing battery, which gained wide customer recognition following their market launch; and (ii) the average selling price of our battery products was reduced in response to decrease in the cost of raw materials including lithium carbonate. This, combined with our stable and improving unit economics, led to the consequent increase of our gross profit margin.

Profits for the Year/Period

Our profit for the year increased by 41.5% from RMB33.5 billion in 2022 to RMB47.3 billion in 2023. Our profit for the period increased by 19.2% from RMB32.5 billion for the nine months ended September 30, 2023 to RMB38.8 billion for the nine months ended September 30, 2024. For details, see "Financial Information — Period-to-Period Comparison of Results of Operations."

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	RMB'000		
Current assets	387,734,858	449,788,002	466,764,516
Non-current assets	213,217,495	267,380,039	271,470,488
Total assets	600,952,353	717,168,041	738,235,004
Current liabilities	295,761,421	287,001,071	281,070,698
Non-current liabilities	128,281,771	210,283,820	193,863,663
Total liabilities	424,043,192	497,284,891	474,934,361
Net current assets	91,973,437	162,786,931	185,693,818
Net assets	176,909,161	219,883,150	263,300,643

For details of the fluctuation in key items of our consolidated statements of financial position and net current assets during the Track Record Period, see "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position."

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB'000			
			(Unaudited)	
Net cash generated from operating activities	61,208,844	92,826,125	52,653,692	67,443,601
Net cash used in investing activities	(64,139,843)	(29,187,763)	(19,937,130)	(47,894,482)
Net cash generated from/(used in) financing activities	82,266,431	14,716,362	14,850,658	(20,495,680)
Net increase/(decrease) in cash and cash equivalents	79,335,432	78,354,724	47,567,220	(946,561)
Cash and cash equivalents at beginning of the year/period	75,505,735	157,629,318	157,629,318	238,165,487
Effect of exchange rate changes	2,788,151	2,181,445	1,928,721	(2,265,022)
Cash and cash equivalents at the end of the year/period	157,629,318	238,165,487	207,125,259	234,953,904

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years/periods indicated.

	For the year ended/as of December 31,		For the nine months ended/as of September 30,
	2022	2023	2024
Net profit margin	10.2%	11.8%	15.0%
Return on equity (ROE)(1)	24.7%	24.7%	22.1%
Current ratio(2)	1.3	1.6	1.7
Quick ratio(3)	1.1	1.4	1.5
Debt-to-asset ratio(4)	70.6%	69.3%	64.3%
Interest-bearing debt ratio(5)	16.8%	17.6%	17.6%
Operating cash flow conversion ratio(6)	1.8	2.0	1.7

Notes:

(1) Return on equity (ROE) is calculated by dividing the profit attributable to owners of the Company for the year/period by the average of equity attributable to owners of the Company at the beginning and the end of the respective year/period. For the nine months ended September 30, 2024, ROE is annualized by multiplying the number by 4/3.

(2) The current ratio is calculated as current assets divided by current liabilities as of the relevant date.

(3) The quick ratio is defined as current assets minus inventories, divided by current liabilities as of the relevant date.

(4) The debt-to-asset ratio is calculated by dividing the total liabilities by the total assets as of the relevant date.

(5) The interest-bearing debt ratio is calculated as interest-bearing debt divided by total assets as of the relevant date.

(6) Operating cash flow conversion ratio is defined as the ratio of the cash flow generated from operating activities during the year/period over the profit for the same year/period.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, including (i) risks relating to our industry and business, (ii) risks relating to financial, accounting and tax matters, (iii) risks relating to our operations, (iv) risks relating to government regulations, and (v) risks relating to the [**REDACTED**], which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [**REDACTED**] in the [**REDACTED**]. Some of the major risks we face include, but are not limited to: (i) the demand in the end markets of our industry is constantly changing. If we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected, (ii) if we fail to maintain technology leadership in the battery industry, our operating results may be adversely affected, (iii) we face risks of changing new energy industry policies, (iv) our business faces competition, (v) we may face risks if there are quality issues with our products, (vi) if we are unable to retain our existing customers or attract new customers, our business, financial condition and results of operations could be materially and adversely affected, (vii) we face uncertainties and risks in overseas manufacturing and operations, and (viii) price fluctuation and inadequate supply of materials and equipment for our production could adversely affect our business, financial condition and results of operations.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since September 30, 2024, which is the end date of the years/period reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since September 30, 2024 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

Special Dividend Distribution for 2024

Our Special Dividend and Interests Distribution Plan for 2024 was reviewed and approved at the First Extraordinary General Meeting of 2024 held on December 26, 2024. A cash dividend of RMB12.30 (tax inclusive) per 10 Shares was to be paid to all the then Shareholders based on our share capital of 4,387,474,934 Shares, which excludes the 15,991,524 Shares repurchased in the dedicated account for repurchased securities. This special dividend distribution was completed in January 2025.

[REDACTED]

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are newly issued in the [**REDACTED**], (ii) the [**REDACTED**] for the [**REDACTED**] are not exercised, and (iii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**]:

	Based on the [REDACTED] of HK$[REDACTED] per H Share
[**REDACTED**] of our H Shares	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(1)	RMB[**REDACTED**]

Notes:

(1) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the section headed "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document and on the basis that [**REDACTED**] Shares were in issue, assuming that the [**REDACTED**] had been completed on September 30, 2024 but does not take into account of any Shares which may be allotted and issued by our Company pursuant to the [**REDACTED**], any Shares that may be issued by our Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the Share Schemes or any Shares which may be issued or repurchased by our Company after the Latest Practicable Date.

(2) No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to September 30, 2024. For the calculation of the unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share, see "Unaudited [**REDACTED**] Financial Information" in Appendix II to this document.

[REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], and at the [**REDACTED**] of HK$[**REDACTED**] per Share, assuming that the [**REDACTED**] is not exercised.

We currently intend to apply these [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% or HK$[**REDACTED**] will be used to advance the construction of Phase I and II of our Hungary project; and

- Approximately [**REDACTED**]% or HK$[**REDACTED**] will be used for working capital and other general corporate purposes.

For further information relating to our future plans and [**REDACTED**] from the [**REDACTED**], see "Future Plans and [**REDACTED**]" in this document.

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

Since 2018, our Company has been listed on the ChiNext of the Shenzhen Stock Exchange. As of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**]' attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisors are of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

Our Company seeks to be [**REDACTED**] on the Stock Exchange in order to further advance our global strategic layout, establish an international capital operation platform, and enhance our comprehensive competitiveness. For details, see "Business — Growth Strategies" and "Future Plans and [**REDACTED**]."

WAIVERS AND EXEMPTIONS

In connection with the [**REDACTED**], we have applied for certain waivers and exemptions from strict compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Among the waivers and exemptions that we have applied for, we have applied to the Stock Exchange and/or the SFC for (i) a waiver from strict compliance with the requirement under Rule 19A.18(1) of the Listing Rules in respect of the appointment of an independent non-executive Director being ordinarily resident in Hong Kong; and (ii) an exemption from strict compliance with the requirement under paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of the disclosure of executive Directors' residential addresses. For further details, see "Waivers and Exemptions."

DIVIDENDS

During the Track Record Period, we declared cash dividends to our Shareholders as follows.

	For the year ended December 31,		For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB'000			
			(Unaudited)	
Dividends attributable to the year/period				
Interim dividend	1,593,064	–	–	–
Final and special dividend	–	6,154,689	6,154,810	22,058,085

As of the Latest Practicable Date, we had paid these dividends in full.

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

According to applicable laws in mainland China and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (based on an [**REDACTED**] of HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] expenses consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**], of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. During the Track Record Period, we did not incur any [**REDACTED**] expenses. After the Track Record Period, approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain technical terms are explained in "Glossary."

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are listed on the ChiNext of the Shenzhen Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as set out in Appendix I to this document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted on January 17, 2025 which will become effective on the [**REDACTED**] and as amended from time to time, a summary of which is set out in "Appendix V — Summary of the Articles of Association" to this document
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Board of Supervisors"	the board of Supervisors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CAES"	Contemporary Amperex Electric Ship Technology Limited (寧德時代電船科技有限公司), a company established on November 26, 2022 in the PRC, and one of our subsidiaries
"CAGR"	compound annual growth rate

[**REDACTED**]

"CATH"	Contemporary Amperex Technology Hungary Korlátolt Felelősségű Társaság, a company incorporated on February 4, 2022 in Hungary, and one of our Major Subsidiaries
"CATL-FD"	Fuding Contemporary Amperex Technology Limited (福鼎時代新能源科技有限公司), a company established on January 14, 2021 in the PRC, and one of our Major Subsidiaries
"CATL-HK"	Contemporary Amperex Technology (Hong Kong) Limited, a company incorporated on April 1, 2016 in Hong Kong, and one of our Major Subsidiaries
"CATL-JS"	Jiangsu Contemporary Amperex Technology Limited (江蘇時代新能源科技有限公司), a company established on June 30, 2016 in the PRC, and one of our Major Subsidiaries
"CATL-RQ"	Guangdong Ruiqing Contemporary Amperex Technology Limited (廣東瑞慶時代新能源科技有限公司), a company established on February 8, 2021 in the PRC, and one of our Major Subsidiaries
"CATL-RT"	Ruiting Contemporary Amperex Technology (Shanghai) Limited (瑞庭時代(上海)新能源科技有限公司), a company established on May 24, 2021 in the PRC, and one of our Major Subsidiaries
"CATL-SC"	Sichuan Contemporary Amperex Technology Limited (四川時代新能源科技有限公司), a company established on October 15, 2019 in the PRC, and one of our Major Subsidiaries
"CATT"	Contemporary Amperex Technology Thuringia AG, a company incorporated on September 11, 2018 in Germany, and one of our Major Subsidiaries

[**REDACTED**]

"China" or "PRC"	the People's Republic of China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司), a joint stock company with limited liability established on December 16, 2011, the A Shares of which have been listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300750)
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Compliance Advisor"	China Securities (International) Corporate Finance Company Limited
"CSDC"	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"EU"	European Union

"EUR"	euro, the lawful currency of 20 of the 27 member states of the EU
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"GGII"	Shenzhen GaoGong Industry Research & Consulting Co. Ltd., an independent market research and consulting company
"GGII Report"	the report prepared by GGII

[**REDACTED**]

"Group," "our Group," "CATL," "our," "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Guangdong Brunp"	Guangdong Brunp Recycling Technology Co., Ltd. (廣東邦普循環科技有限公司), a company established on December 7, 2005 in the PRC, and one of our subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and traded in HK dollars, and for which an [**REDACTED**] has been made for [**REDACTED**] and permission to [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars," "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hunan Brunp"	Hunan Brunp Recycling Technology Co., Ltd. (湖南邦普循環科技有限公司), a company established on January 11, 2008 in the PRC, and one of our Major Subsidiaries
"Hunan Brunp Automobile Recycling"	Hunan Brunp Automobile Recycling Co., Ltd. (湖南邦普汽車循環有限公司), a company established on February 20, 2008 in the PRC, and one of our subsidiaries
"IFRSs"	the International Financial Reporting Accounting Standards as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, are not our connected persons

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in "Directors, Supervisors and Parties Involved in the [**REDACTED**]" in this document
"Latest Practicable Date"	[February 4], 2025, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

[**REDACTED**]

"Listing Guide" or "Guide for New Listing Applicants"	the Guide for New Listing Applicants as published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"Major Subsidiaries"	the major subsidiaries of our Company listed in "History and Corporate Structure — Our Major Subsidiaries"
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF" or "Ministry of Finance"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEA"	National Energy Administration of the PRC (中華人民共和國國家能源局)
"Ningbo Brunp"	Ningbo Brunp Recycling Technology Co., Ltd. (寧波邦普循環科技有限公司), a company established on December 2, 2019 in the PRC, and one of our Major Subsidiaries
"Nomination Committee"	the nomination committee of the Board

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

[**REDACTED**]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in mainland China

"PRC Legal Advisors"	Llinks Law Offices, the legal advisors to our Company as to the laws of the PRC
"Prismatic Super Line" or "PSL"	an advanced proprietary battery production line developed by CATL based on cutting-edge technologies

[**REDACTED**]

"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Ruihua Investment"	Ruihua Investment (Hong Kong) Company Limited, a private limited company incorporated in Hong Kong and wholly owned by Dr. Zeng Yuqun as of the Latest Practicable Date
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Securities Law" or "PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time

"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Share Incentive(s)"	restricted stock(s) and/or stock option(s) granted under the Share Incentive Plans (as the case may be)
"Share Incentive Plans"	the share incentive plans of our Company currently in effect, including the 2021 Share Incentive Plan, the 2022 Share Incentive Plan and the 2023 Share Incentive Plan
"Shareholder(s)"	holder(s) of our Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, [**REDACTED**] and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen

[**REDACTED**]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy Committee"	the strategy committee of the Board
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Supervisor(s)"	member(s) of the Board of Supervisors
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the two years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024

"UABC"	United Auto Battery Co., Ltd. (時代上汽動力電池有限公司), a company established on June 8, 2017 in the PRC, and one of our Major Subsidiaries

[**REDACTED**]

"United States," "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars," "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value added tax

[**REDACTED**]

"Xiamen Ruiting"	Xiamen Ruiting Investment Co., Ltd. (廈門瑞庭投資有限公司), a limited liability company established in the PRC and owned as to 55% by Dr. Zeng Yuqun and 45% by Ruihua Investment as of the Latest Practicable Date
"2021 Share Incentive Plan"	the restricted stock and stock option incentive plan approved and adopted by Shareholders of our Company on November 12, 2021, the principal terms of which are set out in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document

"2022 Share Incentive Plan"	the restricted stock and stock option incentive plan approved and adopted by Shareholders of our Company on September 5, 2022, the principal terms of which are set out in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document
"2023 Share Incentive Plan"	the restricted stock incentive plan approved and adopted by Shareholders of our Company on August 24, 2023, the principal terms of which are set out in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document
"%"	per cent

For the purpose of this document, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

In this document the terms "associate(s)," "close associate(s)," "connected person(s)," "core connected person(s)," "connected transaction(s)," and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AB battery system"	a single battery system that combines two different types of battery cells
"battery electric vehicle" or "BEV"	a type of vehicle propelled solely by battery-powered electric motors, without using internal combustion engines
"behind-the-meter" energy storage or "BTM" energy storage	a type of energy storage system installed on the load side of the grid
"BMS"	Battery Management System
"C" or "C-rate"	charge and discharge rate, an indicator for battery charge and discharge speed. A 1C rating means a battery can be charged or discharged completely in one hour at its rated capacity; a 4C rating means a battery can be charged or discharged completely in 15 minutes at its rated capacity
"cascade utilization"	the reuse (which may or may not involve additional limited processing) of retired rechargeable batteries in another application
"cell"	battery cell
"condensed battery"	a type of lithium-ion battery with electrolyte containing condensed matter
"CTC"	cell-to-chassis, a technology that integrates battery cells directly into the vehicle chassis without modules nor packs
"CTP"	cell-to-pack, a technology that integrates battery cells directly into the battery pack without modules
"CV"	commercial vehicles

"DPPB"	defective parts per billion, a quality control measurement in manufacturing
"DPPM"	defective parts per million, a quality control measurement in manufacturing
"E-Bus"	buses fully or partially propelled by battery-powered electric motors
"E-LCV"	light commercial vehicles, including vans and light-duty trucks, fully or partially propelled by battery-power electric motors
"E-Truck"	medium- and heavy-duty trucks fully or partially propelled by battery-powered electric motors
"electric vehicle" or "EV"	vehicles powered fully or partially by battery, comprising of BEV and PHEV
"energy density"	the amount of energy that can be stored within a given volume or given mass
"ESS"	energy storage system
"ESS battery"	a battery used for energy storage system
"EV battery"	a battery used in EV and other hybrid vehicles, machinery, vessel, aircraft and other mobility applications
"front-of-the-meter" energy storage system or "FTM" energy storage system	a type of energy storage system installed on the utility or grid side
"GW"	Gigawatt, a unit for measuring power, 1 GW=1 billion watts
"GWh"	Gigawatt-hours, a unit of electric energy, 1 GWh=1 billion Wh
"kW"	kilowatt, a unit for measuring power, 1 kW=1,000 watts
"kWh"	kilowatt-hours, a unit of electric energy, 1 kWh=1,000 Wh

"L2" and "L3"	two of the five levels of driving automation, classified by SAE International
"LFP battery"	a lithium-ion battery that uses lithium iron phosphate ($LiFePO_4$) as the cathode material
"life cycle"	the number of times (or cycles) a battery can charge and discharge until its retirement
"lighthouse factory"	World Economic Forum-recognized factories, showcasing best practices in the application of Fourth Industrial Revolution (4IR or Industry 4.0) technologies and representing the highest level of global intelligent manufacturing and digitalization
"lithium-ion battery"	rechargeable batteries that utilize lithium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"M3P battery"	a lithium-ion battery that incorporates phosphate, manganese or other metals in its cathode materials
"microgrid"	a local power generation and distribution system integrating distributed energy sources, storage devices, energy conversion equipment, loads, and monitoring and protection devices, etc., which is able to operate on and off grid
"MWh"	Megawatt-hours, a unit of electric energy, 1 MWh=1 million Wh
"NCM"	nickel-cobalt-manganese ternary materials, which can be used as cathode materials for ternary batteries. Given different ratios of nickel, cobalt and manganese, it can be classified into NCM523, NCM622, NCM811, etc.
"Net Zero Tracker"	a global database and analytical tool that monitors net zero commitments from countries, regions, cities, and major companies
"NEV"	new energy vehicles, including EV, hydrogen and other new type of fuel cell vehicles

"PHEV"	plug-in hybrid electric vehicles (including REV)
"PV"	passenger vehicles
"REV"	extended-range electric vehicles
"sodium-ion battery"	batteries that utilize sodium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"solid-state battery"	a type of rechargeable lithium-ion batteries that use solid-state electrolyte
"ternary battery"	a type of batteries that integrates a cathode composed of three metallic elements, such as nickel, cobalt and manganese
"TWh"	Terawatt-hours, a unit of electric energy, 1 TWh=1 billion kWh
"W"	watt, a unit for measuring power
"Wh/kg"	Watt hour per kilogram

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "might," "ought to," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- future developments, trends and conditions in the industries and markets in which we operate or into which we intend to expand;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to adequately protect our reputation and brand image, as well as our intellectual property rights;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;

- our ability to attract and retain qualified personnel;
- competitive position in the industries and markets in which we operate or into which we intend to expand;
- our proposed [**REDACTED**];
- rapid developments in technology and our ability to successfully keep up with technological advancement;
- changes in currency exchange rates;
- relevant government policies and regulations relating to industries which we operate in;
- certain statements in this document with respect to trends in prices, operations, margins, overall market trends, and risk management;
- volatilities in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends;
- various uncertainties described in the "Risk Factors;" and
- other statements in this document that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. In light of the aforementioned and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

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

You should carefully consider all of the information in this document, including the following risk factors before making any* [REDACTED] *decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The* [REDACTED] *of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your* [REDACTED]*. The information given is subject to the cautionary statements in the section headed "Forward-Looking Statements."

We believe that there are certain risks involved in our operations, many of which are beyond our control. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

The demand in the end markets of our industry is constantly changing. If we are unable to respond effectively to these changes, our business, results of operations and financial condition will be materially and adversely affected.

We operate globally. Our business primarily focuses on the R&D, manufacturing and sales of EV batteries and ESS batteries.

EV batteries are primarily used in EV, including PV and CV, and the electrification of other emerging areas. The demand for electrification in these applications may fluctuate due to various factors, including but not limited to the macroeconomic environment, end-user preferences, cost efficiency, electrification technology and completeness of the infrastructure. These factors may affect the demand for EV batteries, which may have a material adverse effect on our business, results of operations and financial condition.

ESS batteries are widely adopted in both FTM and BTM applications. The demand for ESS batteries in these applications is affected by various factors, including but not limited to global power demand, global penetration rate of renewable energy sources such as wind and solar, demand for grid stability, technological improvement in relevant areas (such as safety and life cycle), as well as cost efficiency. These factors will affect the demand for ESS batteries, which may have a material adverse effect on our business, results of operations and financial condition.

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

Since inception, we have consistently made significant investments in R&D, and achieved technology leadership in battery materials, battery systems, battery recycling and other related areas. Through these efforts, we have established industry-leading technological R&D capabilities.

The battery and new energy industries are at a stage of rapid development and technology innovation continues to emerge. We cannot guarantee that we will be able to timely adapt our R&D focus to technological and industry trends, successfully launch and commercialize new products, or complete our R&D goals within the anticipated time and budget. Meanwhile, industry players are investing in the R&D of innovative technologies. If our competitors develop new technologies that we fail to keep up with, these technologies may provide them with performance or price advantage over us, potentially undermining our technology leadership and competitive advantages. If any of these events occurs, our business, results of operations and financial condition could be materially and adversely affected.

We face risks of changing new energy industry policies.

To address global climate change challenges, countries and regions worldwide are increasingly emphasizing green and low-carbon, and sustainable development, and implementing supportive policies for green and low-carbon development and energy transition.

In mainland China, under the national carbon neutrality target, the government has promulgated, revised and updated policies to promote the development of non-fossil energy sources, comprehensively drive green energy transition, encourage the development of NEV and energy storage markets and guide high-quality development of lithium-ion battery industry. These policies, among other factors, drive the development and growth in the EV battery and ESS battery industries, and uncertainties and changes in level of support of such policies may affect our operations.

Outside of mainland China, many countries and regions have implemented policies to support the development of new energy industry and boost market demands, but there might be additional requirements or restrictions on such supportive policies. Changes in these policies or our failure to meet such conditions could adversely affect our operational results.

Our business faces competition.

We face competition in the global EV battery and ESS battery market. Our existing and potential competitors may seek to increase their market share through measures such as investing in R&D, increasing production capacity and aggressively conducting sales and marketing activities. Our competitors may also attempt to attract customers or increase sales volume by reducing price. Competitive pressures may adversely affect the demand and pricing of our products, which in turn affect our growth and market share. If we fail to compete effectively, we may not be able to maintain or expand our market share, which may adversely affect our business, results of operations and financial condition.

We may face risks if there are quality issues with our products.

Batteries carry energy and are crucial to the performance and safety of EV and ESS; hence, product quality is of significant importance. We are always highly committed to product quality and safety, considering them vital to our operation. We have established rigorous quality management and risk control systems across the entire product life cycle, including product design, procurement, production, sales, usage and maintenance. We did not experience any major product quality or safety issues during the Track Record Period. However, given that product quality control involves complex processes and may be difficult to manage, and our products have long life cycle, we cannot guarantee that there are no and will not be any quality issues with our products.

Any quality issues with our battery products could compromise our product performance, lose customers and/or orders, and reduce our profitability. In severe cases, we may need to recall our products or take other measures. In addition, third parties who have suffered losses may bring claims or legal proceedings against us. Any of these events could have an adverse impact on our brand and reputation. Certain product liability claims may arise from defective parts and components that we have procured from suppliers. While we may seek indemnification from suppliers for these low quality materials or defective components, such efforts may be costly, time-consuming and ultimately futile. These suppliers may not be able to fully compensate us or at all, for the losses we suffer as a result of these defects and product liability claims.

If we are unable to retain our existing customers or attract new customers, our business, financial condition and results of operations could be materially and adversely affected.

Our EV battery customers primarily consist of domestic and international automotive OEMs. Our ESS battery customers and partners mainly comprise ESS integrators, project developers, and operators.

As our product quality and manufacturing capability are widely recognized globally, we have established long-term strategic cooperations with many customers. However, our future success depends significantly on our ability to maintain and enhance such customer relationship. If we are unable to retain existing customers or attract new customers in the future due to our products failing to meet customer requirements or market demand, or various other factors, our business, financial condition and results of operations will be adversely affected.

We face uncertainties and risks in overseas manufacturing and operations.

Beyond China, we have established a manufacturing base in Thuringia, Germany, and we are preparing and advancing our plant in Hungary, our JV factory with Stellantis N.V. in Spain, and our battery value chain projects in Indonesia. We may continue to build overseas manufacturing bases for batteries and related materials in the future. For details, see "Business — Production — Manufacturing Bases." The construction and operations in relation to these overseas manufacturing bases are subject to various risks and uncertainties, including but not limited to:

- political and economic instabilities, including changes in government policies or regulations affecting foreign investments, economic fluctuations and currency volatility, geopolitical tensions or conflicts impacting business operations;
- lack of familiarity with local laws, regulatory requirements and industry standards;
- potential differences in environmental, construction and other standards between overseas and mainland China;
- lack of familiarity with local operating and market conditions;
- operational constraints imposed by local labor union systems and potentially more stringent labor protection regulations;
- risk of legal proceedings in foreign jurisdictions;
- potential failure to achieve the expected returns from investing in manufacturing bases;
- potential difficulties in managing relationships with foreign customers;

- difficulties in enforcing agreements and collecting overdue receivables under local legal systems;
- difficulties and costs of staffing and managing overseas operations;
- challenges due to differences in social environment, culture and languages;
- difficulties in managing relationships with local communities and potential disputes with them; and
- other obstacles and risks related to overseas manufacturing and operations.

As a global company, our success depends, in part, on our ability to manage these risks. The above-mentioned risks vary from country to country and are difficult to predict. We may not be able to develop and implement initiatives that address these risks effectively in each region in which we conduct business, and there can be no assurance that risks we may face as we expand our overseas manufacturing and operations will not adversely affect our reputation, business, results of operations, financial condition and the [**REDACTED**] from the [**REDACTED**].

Price fluctuation and inadequate supply of materials and equipment for our production could adversely affect our business, financial condition and results of operations.

The materials for battery manufacturing mainly include cathode, anode, separator and electrolyte, which are significantly affected by the price of raw materials such as lithium, nickel, cobalt, and chemicals. The supply and prices of these materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of upstream mining resources, market supply and demand, potential speculative activities, market disruptions and natural disasters. Historically, we experienced significant price fluctuations of certain raw materials for our production. For example, during the Track Record Period, the price of lithium carbonate increased sharply and then declined significantly, resulting in relatively substantial fluctuations in our costs. In addition, we also use other materials in our production, including electronic parts and structural parts of batteries. Prices and supply of these parts are also affected by factors such as supply and demand, and technological advances. The above-mentioned price fluctuations and changes in supply of materials and parts required for manufacturing may affect our procurement costs and production activities.

We also purchase various equipment used in our production. To ensure the quality of our products, we purchase from reputable suppliers to ensure a secure, cost-efficient and timely supply of critical equipment. If our suppliers fail to meet our requirements, our business and results of operations may be affected.

Our success depends on our ability to protect our intellectual property rights. Intellectual property infringement by and disputes with third parties may adversely affect our business, financial condition and results of operations.

We regard our patents, know-how, proprietary technologies, trademarks, copyrights, domain names and other intellectual properties as critical to our business development and operations, and we rely on both intellectual property laws and contractual arrangements, and take a series of measures to protect our intellectual properties. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages as we expected. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Furthermore, we may not have sufficient intellectual property rights in all countries and regions due to lack of comprehensive intellectual property laws in certain regions, and our ability to protect our intellectual property rights differs by jurisdiction.

We may be a party to claims and litigation as a result of infringement by third parties of our intellectual property rights. Even when we sue the parties for such infringement, such lawsuits may have adverse consequences for our business. Any of such lawsuits may be time-consuming and costly to resolve and may divert our management's time and attention from our business. It could also result in a court or governmental agency invalidating, narrowing the scope of, or rendering our patents or other intellectual property rights involved in such lawsuits unenforceable which may significantly harm our business. Our products may infringe issued patents of third parties. If any of our products infringes a valid and enforceable patent, we may be prevented from selling, or choose to cease the sales of related products. Additionally, we may face liabilities to our customers, business partners or third parties for indemnification or other remedies in the event that they are sued for infringement in connection with their use of our products.

We carefully select suppliers and adopt relevant management policies. However, there can be no assurance that such measures will be sufficient to prevent suppliers from providing products with potential intellectual property issues, nor can we guarantee that we will be able to recover all damages or compensation from suppliers in respect of claims by third parties against us for such products or intellectual property infringement. If any of these events occur, our reputation could be damaged, and our business, financial condition and results of operations may be adversely affected.

Our brand may be counterfeited and imitated. While we take measures to protect our brand, we cannot assure that such counterfeiting or imitation will not occur in the future or, if it does occur, that we will be able to identify or address the problem effectively or in a timely manner. Any occurrence of counterfeiting or imitation of our products or other infringement of our brand could adversely affect our reputation and brand.

Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses, we cannot assure that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Similarly, if we recruit employees who breached confidentiality, and/or non-compete covenants with their prior employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information in violation of their confidentiality, and/or non-compete covenants in a way that unduly benefits us.

We face potential challenges and risks managing the expansion into new products and new businesses.

We continuously expand our products and business, including but not limited to broadening our products applications and exploring integrated innovative solutions along the battery value chain. The expansion of these products and businesses exposes us to a number of risks and challenges, including but not limited to:

- failure of our new products or new businesses to be accepted by our customers or to meet our expected targets;
- insufficient experience or expertise in expansion into certain new products or new businesses, which may prevent us from effectively competing in these areas;
- failure to achieve expected investment returns from our new businesses;
- failure to make accurate analysis or judgment regarding market conditions of our new businesses;
- increasing difficulty in managing the day-to-day operations of our businesses;
- inability to hire additional qualified personnel or to hire and retain personnel on commercially reasonable terms;
- failure to enhance our risk management capabilities, internal control capabilities and information technology systems in a timely manner to support the expansion of new products and businesses;

- potential failure to obtain regulatory approvals for our new products or new businesses, or failure to timely respond to changes in legal or regulatory requirements; and

- imitation or replication of our new products and businesses by competitors.

Furthermore, we may encounter other risks and difficulties when expanding our new businesses through acquisitions and other forms. For details, see "— Our investments and acquisitions may not realize the expected benefits."

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

We are required to obtain certain licenses, permits (such as investment permits), registrations, certificates, approvals and filings for our global business operations as well as for new projects and project expansion. In addition, various completion inspections and acceptances may be required before we commence production at new manufacturing bases.

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

We face potential operational and safety risks in our production.

We face various potential operational and safety risks in our production, including but not limited to: (i) social and labor unrest, environmental incidents or public health emergencies, (ii) natural disasters (such as fires, floods, earthquakes, typhoons and other disasters), (iii) disruption of utility supplies such as water, electricity, gas and telecom, (iv) production accidents or interruptions due to operational errors, equipment breakdowns or improper management, or (v) risks that may occur during the process of mining and refining of mineral resources. Such risks may result in damages to, or destruction of, manufacturing facilities, personal injury or death, environmental damages, economic loss and legal liabilities. The occurrence of any of these events could result in the interruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

Any interruption to our operations may result in our inability to design and manufacture products as required by our customers and our inability to fulfill customers' orders in a timely manner or at all. This may result in financial loss and damages to our reputation, which will adversely affect our business, results of operations, and financial condition.

Our investments and acquisitions may not realize the expected benefits.

We have made certain investments and acquisitions along the battery value chain. Such investments and acquisitions may involve certain risks and uncertainties, including but not limited to failure to achieve expected business objectives (such as expanding business, securing supply and acquiring technologies), unanticipated costs, inadequate return on investment and issues not discovered during the due diligence, which may adversely affect our business, results of operations and financial condition.

In addition, we may expand into new businesses through investments or acquisitions. Upon completion of such investment or acquisition, we may devote resources to support its business development or conduct business integration. These activities involve certain risks and uncertainties, and therefore there can be no assurance that we will be able to realize the expected benefits.

We rely on third parties to provide logistics and warehousing services for our business. If these third parties fail to provide reliable and timely services, our business, financial condition and results of operations may be adversely affected.

We face complex environments in relation to logistics and warehousing, and therefore we engage competent suppliers to provide related services. The operations of these suppliers may be affected by various factors such as improper management, equipment breakdowns, commercial disputes, labor shortages or strikes and natural disasters. If any of these suppliers fails to provide reliable and timely services, or the price of such services increases significantly, the supply of our products may be interrupted or our logistics or warehousing costs may increase. In addition, we may not be able to identify suitable alternative suppliers, which could adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation.

Our current insurances include, among others, property insurance, product liability insurance, environmental pollution liability insurance and cargo transportation insurance. We do not, however, carry insurance in respect of certain situations that we believe are not insurable under industry norm, or which are not on commercially acceptable terms, if at all, such as those caused by war, tsunami, various environmental pollution, acts of terrorism, labor strikes and civil unrest. Accordingly, there can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. Any damages to our properties, such as fixed assets and inventories, that are not covered by insurance may result in substantial losses for us. Nevertheless, we would remain obliged for any bank borrowings or other financial obligations related to these damaged properties. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be adversely affected.

RISKS RELATING TO FINANCIAL, ACCOUNTING AND TAX MATTERS

We may need additional capital, but we may not be able to obtain financing on favorable terms or at all.

We primarily relied on cash flow generated from operating activities and financing activities to fund our business operations during the Track Record Period. We believe that considering our current cash and cash equivalents, anticipated cash flow from operating activities and estimated [**REDACTED**] from the [**REDACTED**], we have sufficient funds to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any launch of new products and services, exploration of new businesses, expansion into new countries and regions, various R&D activities and marketing initiatives or investments we may decide to pursue. If we fail to obtain sufficient cash flow from operating activities, we may need to obtain additional equity or debt financing. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to operate and expand our business or to respond to competition could be adversely affected. Moreover, if we raise additional capital by issuing shares or securities convertible into equity securities, the ownership of our existing Shareholders may be diluted. In addition, our indebtedness may subject us to relevant covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business and will require interest and principal payments for relevant indebtedness that could create additional cash demands and financial risk for us.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

A substantial portion of our revenue and cost of sales is denominated in RMB. However, as we also operate a part of our business in certain countries and regions outside of mainland China, and have certain debts and cash denominated in foreign currencies, we are exposed to risks associated with foreign currency exchange fluctuations.

Changes in the foreign exchange rates could affect the results of our overseas operations. Our revenue from overseas sales amounted to RMB76.9 billion, RMB131.0 billion, RMB97.4 billion and RMB80.1 billion in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively, accounting for 23.4%, 32.7%, 33.1% and 30.9% of our total revenue for the same years/periods, respectively. Certain of our income from overseas sales is denominated in foreign currencies such as USD and EUR. In managing the foreign exchange risks, we implement natural hedges and certain hedging instruments. We decide to utilize certain hedging instruments, such as leveraging foreign exchange risk contracts during the Track Record

Period, depending on the nature of the transaction and financial market conditions to manage the associated foreign exchange risks, after conducting a detailed assessment. We may maintain or further enhance our hedging policies in the future. However, the effectiveness of these hedging measures may be limited, and we may not be able to adequately cover our foreign exchange exposure or at all.

It is difficult for us to predict how external factors may impact the exchange rate of RMB to USD, EUR or other foreign currencies in the future. Further appreciation of RMB against foreign currencies may affect our overseas operations. On the other hand, if we decide to convert our RMB into Hong Kong dollars for dividends payment on our H Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our H Shares.

Failure to maintain optimal inventory levels could increase our inventory holding costs or negatively impact our sales.

Our inventories primarily include finished goods, work-in-progress and raw materials. As of December 31, 2022 and 2023 and September 30, 2024, the balances of our inventories amounted to RMB76.7 billion, RMB45.4 billion and RMB55.2 billion, respectively. Our inventory turnover days were 78.8 days, 68.8 days and 69.9 days in 2022, 2023 and the nine months ended September 30, 2024, respectively. However, we may not be able to effectively manage our inventory level or to identify any excessive build-up or insufficient stock of inventory in our global operations. We may misjudge market demand. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs, and the sale of excess inventory at discounted prices could impair the image of our brands and harm our gross margin; but if we underestimate the demand for our products, insufficient stock could result in delays in the shipment of our products, thereby impacting our ability to generate sales and cause damages to our reputation and relationships with our customers. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, either of which could adversely impact our business, financial condition and results of operations.

We are subject to credit risk in collecting trade and bills receivables due from customers.

We generally grant a credit period within 60 days to our major customers. As of December 31, 2022 and 2023 and September 30, 2024, the balances of our trade and bills receivables amounted to RMB61.5 billion, RMB65.8 billion and RMB67.0 billion, respectively. Our trade and bills receivables turnover days were 48.2 days, 57.9 days and 69.2 days in 2022 and 2023 and the nine months ended September 30, 2024, respectively. There is no assurance that all such amounts will be settled on time or at all, and we are subject to credit risk in collecting the trade and bills receivables due from the customers. Our performance, liquidity and profitability may be adversely affected if amounts due to us are not settled on time or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Our interest-bearing indebtedness exposes us to interest rate risk in relation to our floating-rate debt, and our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, which may adversely affect our ability to raise additional capital to fund our operations.

During the Track Record Period, we had certain borrowings to finance our business operations and capital expenditures. We expect that we may continue to do so in the future and our liquidity risk may increase. As of December 31, 2022 and 2023 and September 30, 2024, our borrowings amounted to RMB100.9 billion, RMB126.1 billion and RMB130.1 billion, respectively. As of the same dates, the borrowings bore an effective interest rate from 0.65% to 6.25%, 1.20% to 6.33% and 0.75% to 6.61% per annum, respectively.

We are exposed to interest rate risk resulting from interest rate fluctuations. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We cannot assure you that we will not have a substantial amount of borrowings in the future. The high amount of borrowings may (i) make it more difficult for us to fulfill our obligations under relevant indebtedness, exposing us to the risk of default, which, in turn, would negatively affect our ability to operate as a going concern, (ii) require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flow for other purposes (such as working capital, capital expenditure and other corporate purposes); (iii) expose us to higher pressure under adverse economic or industry conditions; (iv) limit our flexibility in planning for strategic targets, or reacting to changes in our business or in the industry in which we operate; (v) potentially restrict us from pursuing potential strategic business opportunities; (vi) limit our ability to borrow additional funds; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential product liability and/or expenses for upgrading technologies or equipment requirement for our production; and (ix) limit our finance budget, each of which will materially and adversely impact our business, results of operations and financial condition.

As a result of the covenants and restrictions, our business may be limited, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. A breach of any of the restrictive covenants could result in a default with respect to the related indebtedness. If a default occurs, the relevant lenders could demand immediate payment. This, in turn, could cause cross-default or payment acceleration of our other debts. In the event that some or all of our debt payments are accelerated and become immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt.

We may record impairments of non-financial assets (other than contract assets).

We may record impairments of non-financial assets (other than contract assets), which may adversely affect our financial condition and results of operations. Goodwill, intangible assets with indefinite useful life and intangible assets with those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable. We measure impairment by comparing the carrying value of the asset to the recoverable amount of such asset, which is the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of such asset, we recognize an impairment loss based on the recoverable amount of such asset. The application of impairment test to our non-financial assets also requires management judgment regarding such assets.

We are exposed to changes in the fair value of our financial assets measured at fair value. Fluctuations in their values would affect our results of operations and financial condition.

As of December 31, 2022 and 2023 and September 30, 2024, we recorded financial assets measured at fair value through profit or loss ("FVTPL") of RMB4.6 billion, RMB2.8 billion and RMB25.0 billion, respectively. As of the same date, we recorded financial assets measured at fair value through other comprehensive income ("FVTOCI") of RMB39.5 billion, RMB69.4 billion and RMB53.4 billion, respectively. Fair values of financial assets at FVTPL and financial assets at FVTOCI are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. For details, see Note 21 and Note 22 to the Accountants' Report as set out in Appendix I to this document.

For financial assets measured at FVTPL and FVTOCI, factors beyond our control can significantly influence and cause adverse changes to the market-observable inputs that we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates, stability of the capital markets, shifts in our creditworthiness and other market-driven variables. Any of factors could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. Additionally, judgment and estimation are required in establishing the relevant valuation techniques where market-observable data for certain financial assets are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such financial assets, which may have a material adverse effect on our financial position and results of operations.

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

During the Track Record Period, we invested in certain associates and joint ventures, which were accounted for using the equity method. As of December 31, 2022 and 2023 and September 30, 2024, the balances of our investments in associates and joint ventures were RMB17.6 billion, RMB50.0 billion and RMB54.2 billion, respectively.

Our equity investments may be subject to a variety of risks that are beyond our control, including but not limited to the risks that (i) the investee company incurs liabilities and expenses in excess of expectations and relevant negative matters that we fail to identify in our due diligence; (ii) the investee company is making a loss; (iii) the investee company fails to meet the conditions under which it may declare and pay dividends; or (iv) other shareholders of these associates and joint ventures have economic or business objectives that are inconsistent with ours, suffers financial difficulties, or is unable or unwilling to fulfill its obligations under the investment contract. If any of these events occur, our business, financial condition and results of operations may be adversely affected.

We are subject to liquidity risk associated with investments in associates and joint ventures, especially when no dividends are declared by such parties and investments in these vehicles not as liquid as other investment products. Large investment in an associate or a joint venture would require significant financial resources, resulting in significant cash outflow, increased debt financing, or both. As such, we may not be able to readily generate any cash flow from our investment in associates and joint ventures to fund our operations from time to time, or at all.

Failure to fulfil our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position.

Our contract liabilities are recognized when payment from a customer is received or is due (whichever is earlier) before we transfer the related goods or services. As of December 31, 2022 and 2023 and September 30, 2024, we had contract liabilities of RMB29.4 billion, RMB30.1 billion and RMB28.1 billion, respectively. If we are not able to fulfil our obligations with respect to our contract liabilities, the amount of such contract liabilities will not be recognized as revenue. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

RISKS RELATING TO OUR OPERATIONS

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

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

Our success relies largely on the continued service of our senior management and key technical personnel. Any loss of key personnel may materially and adversely affect our business, financial condition and results of operations.

Management and R&D capabilities are one of the key factors for our business development and competitive advantages. Our sustainable growth relies heavily on our ability to maintain a highly skilled senior management and technical team. We place great emphasis on cultivating and recruiting management and technical talent to ensure effective coordination and successful implementation of our management and R&D activities. To maintain the motivation and stability of our core management and technical personnel, we have established incentive schemes that encourage technical innovation, effectively ensuring the stability of our R&D system and continuous improvement of our R&D capabilities. However, due to intense competition for talent, we may face risks of losing core management and technical personnel.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could adversely affect our reputation.

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings can be difficult to assess.

Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending future disputes or proceedings may be significant and could negatively affect our results of operations if changes to our business operations are required as a result of such disputes or proceedings. Such disputes or proceedings could also adversely affect our reputation, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, any significant dispute or proceeding could adversely affect our business, results of operations, financial condition or reputation.

We face risks in relation to the buildup of our production capacity.

Our future success and growth potential are dependent on our ability to effectively manage our production capacity and successfully implement our production capacity construction plan. However, there is no assurance that such construction plan will be successfully implemented as scheduled or will be commercially successful. Our production capacity construction plan may also be subject to interruptions caused by risks commonly associated with large construction projects, such as insufficiency of capital, failure to obtain requisite approvals from regulatory authorities, adverse weather conditions, natural disasters, accidents and unforeseen circumstances and problems, and other factors beyond our control. As such, we may not be able to achieve the planned production capacity construction on time.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings, and the public dissemination of malicious statements related to us that could harm our reputation and cause us to lose market share, customers and revenue.

We may be the subject of unfair competition, harassing, or other detrimental conduct by third parties. Such conduct includes complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time. Additionally, allegations against us, may be disseminated by anyone, whether or not related to us. Social media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. The occurrence of any of these events may harm our reputation, and in turn may cause us to lose customers and revenue.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, customers, suppliers or third parties.

We may be exposed to fraud or other misconduct committed by our employees, customers, suppliers or third parties that could affect our reputation and subject us to litigation, financial losses and penalties imposed by governmental authorities. Such misconduct could include:

- concealing unauthorized or unlawful activities, such as money laundering, offering bribes to, or receiving bribes from counterparties in return for any type of benefit or gain;
- intentionally concealing material facts or failing to perform necessary due diligence procedures, and failing to identify potential risks that are material to our business decisions;
- improperly using or disclosing confidential information;
- misappropriating funds;
- conducting transactions that exceed authorized limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorized transactions to the detriment of our customers; or
- otherwise failing to comply with applicable laws or our internal policies and procedures.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, such internal control procedures may be unable to identify all instances of non-compliance or suspicious transactions in a timely manner, or at all. Furthermore, the precautions we take to detect and prevent fraud and other misconduct may not be effective. There is no assurance that we will not be involved in fraud or other misconduct in the future. If such fraud or other misconduct does occur, it may adversely affect our reputation.

Our compliance and risk management systems may not be sufficient to protect us from credit, market, liquidity, operation and other risks.

Given our global business operations, we must comply with a broad range of legal and regulatory requirements in multiple jurisdictions and local operational business processes. We have established compliance and risk management systems that support our operational business processes to comply with laws and regulations. However, there can be no assurance that our compliance and risk management systems are adequate to address all applicable risks in every jurisdiction. Similarly, we can provide no assurance that such internal controls and systems of joint ventures and other business partners can be aligned with our own, and we may have to rely on their internal controls and systems for the compliance of their business practices.

In addition, the policies we have put in place to prevent direct or indirect acts of corruption, bribery, anti-competitive behavior, money laundering, breaches of sanctions, fraud, deception, tax evasion and other criminal or improper conduct may be insufficient to prevent such non-compliance.

The occurrence of any of these risks may result in reputational damages and material adverse legal consequences, including without limited to suspension or revocation of our relevant licenses related to business operation, revocation of qualifications of our management or employees, the imposition of fines or sanctions and penalties on us or the members of our management or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. If any of these risks were to materialize, this could also have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

Our operations rely on IT systems and networks, and any IT system failures, network disruptions or cybersecurity breaches may affect our business.

We rely extensively on IT systems, some of which are supported by third-party vendors, to manage and operate our business. If these systems malfunction, cease or experience interruptions in normal operations, experience security breaches or do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have an adverse impact on our operations and financial condition. If the software installed on the computers used by us and our employees is not properly authorized or licensed, we may be subject to claims or litigations from software vendors. We may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecom failures, acts of terrorism or war, computer viruses, physical or electronic break-ins or other events. We have business continuity and disaster recovery ability, which may not be sufficient for managing operational disruptions resulting from circumstances beyond our control.

Our IT systems may be subject to computer viruses, malicious codes, unauthorized access, phishing and other cyberattacks. We continue to assess potential threats and adopt proper measures to address these threats. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in implementing adequate preventative measures. To date, we have seen no material impact on our business or operations from these attacks. However, we cannot guarantee that our efforts will prevent attacks or breakdowns to our or our third-party providers' databases or systems. If the IT systems, networks or service providers we rely upon fail to function properly and we do not effectively address these failures on a timely basis, we may be exposed to business harm as well as litigation and regulatory action, including administrative fines, which could adversely affect our business and financial condition.

We are subject to risks relating to some of the properties we use.

We lease certain properties primarily to be used as production facilities, warehouses and offices. We may not be able to extend or renew such leases on commercially reasonable terms, or at all. This could disrupt our operations and result in significant relocation expenses. We may not be able to locate desirable alternative sites for our production facilities, warehouses or offices.

Under laws and regulations in mainland China, all lease agreements are required to be registered with the local housing authorities. Although failure to do so does not in itself invalidate the leases, the lessees may not be able to defend these leases against bona fide third parties and may also be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant government authorities in mainland China. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

We may suffer losses caused by the occurrence of extraordinary events, including natural disasters or outbreaks of contagious diseases.

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events especially in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations with respect to our global supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the production capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

Differences embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses still needs further clarification. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards, which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which may have retroactive effects. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention depending on the complexity of the cases.

Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Developments in current laws or regulations or the imposition of new laws and regulations in our geographic markets may affect the growth of our industries and affect our business, financial condition and results of operations.

Policies and regulations affecting, among other things, international trade and investment may adversely affect our business and results of operations.

We have operations in a number of jurisdictions. Therefore, we must be in compliance with government policies affecting international trade and investment, including but not limited to investment controls and restrictions, capital regulations, economic or trade sanctions, import and export regulations, tariffs or foreign investment filings and approvals. These policies change from time to time and are subject to a high degree of uncertainty. If we, our customers or other partners are therefore affected, our business, financial condition, results of operations and financing capability may be affected.

We noted that the U.S. Department of Defense ("DoD") included our Company in the list of Chinese Military Companies (the "CMC List") on January 7, 2025. We made a public response on the same day. We have never engaged in any military-related businesses or activities, therefore such designation by the DoD is a mistake. It does not restrict us from conducting business with entities other than a small number of U.S. governmental authorities, thus is expected to have no substantial adverse impact on our business. We are proactively engaging with DoD to address the false designation. We cannot guarantee that such attempts will be successful or that the relevant government agencies will not take any further actions. We may be subject to such actions, which may have a material adverse effect on our business and results of operations.

RISKS RELATING TO GOVERNMENT REGULATIONS

Developments in social and economic policies, as well as the interpretation and enforcement of laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

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

We are subject to various laws, regulations and regulatory standards and any inability to comply with such requirements and standards may subject us to liabilities.

We are subject to various laws and regulations in the PRC and other jurisdictions in which we operate and are required to obtain and renew various permits, licenses, certificates, consents and other approvals from administrative authorities.

For example, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in mainland China. According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), a mainland China enterprise is required to set up housing provident fund accounts and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a mainland China enterprise is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. Although we had not been subject to any administrative penalties in connection with our contribution of social insurance plans and housing provident fund during the Track Record Period, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the government authorities in mainland China mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and to pay penalties if we fail to do so. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in mainland China, we may be exposed to penalties or be required to compensate employees.

Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous and may involve substantial financial resources as well as other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, among other things. Such events could impact our results of operations and financial condition.

We are exposed to risks in relation to work safety and occurrence of accidents as well as other operational, transportation-related, occupational and environmentally related risks, which could materially and adversely affect our business, financial condition and results of operations.

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of battery products which are promulgated by the government authorities in mainland China. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. We may experience various types of difficulties in connection with the manufacturing of our products. Some of our raw materials and chemicals are hazardous and their storage and use in the manufacturing process involve inherent risks including the leakage of flammable substances, toxic gases and liquids, equipment failures, industrial accidents, fires and explosions. Accidents, if they occur, could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or manufacturing facilities, and pollution and other environmental damages. Any of these consequences, if significant, could result in business interruption, legal liability and damages to our reputation and corporate image. While we conduct regular inspections of the facilities we operate and conduct regular equipment maintenance to ensure that our operations comply with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes.

Our operations may also be subject to difficulties related to the manufacturing such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and aboard. Any losses or unauthorized access to or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

Our business involves the utilization and storage of confidential information, including but not limited to personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and aboard. In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information between us and our overseas subsidiaries. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with other domestic and foreign privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities.

We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data, including through the use of encryption and authentication technologies. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other non-compliant incidents.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in mainland China in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of mainland China, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of mainland China are subject to related regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations.

Under current foreign exchange regulations of mainland China, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. However, prior registration and other procedures with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of mainland China. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of mainland China or otherwise fund any future business activities that are conducted in foreign currencies.

Non-PRC resident holders of our H Shares may be subject to mainland China income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the mainland China and a non-mainland China investor's jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from mainland China sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in mainland China, or which have an establishment or place of business in mainland China if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% mainland China income tax rate if such gains are regarded as income from sources within mainland China unless a treaty or similar arrangement provides otherwise.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from mainland China sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in mainland China. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of mainland China at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between mainland China and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident [**REDACTED**], the value of your [**REDACTED**] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of mainland China with "de facto management bodies" located in mainland China may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the "**Circular 82**"), specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within mainland China as major controlling shareholders under the laws of foreign countries (regions) will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within mainland China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in mainland China; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within mainland China; and (iv) at least half of the directors with voting rights or senior management reside within mainland China. The SAT has subsequently provided further guidance on the implementation of Circular 82.

As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries' global income, except that the dividends they receive from our mainland China subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

The EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and several of our subsidiaries in mainland China have been qualified as high-tech enterprises or engaged in policy-encouraged businesses, accordingly, they were entitled to a preferential income tax rate of 15% during the Track Record Period. For details, see "Financial Information — Description of Selected Consolidated Statements of Profit or Loss — Income Tax Expenses." To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the tax laws and regulations in mainland China may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in mainland China and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to invest more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes payable is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

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

Most of our assets are situated in the PRC. In addition, most of our Directors and senior management reside in the PRC, and are PRC citizens. As cross-border service of process is typically cumbersome and time-consuming, it may be difficult for [**REDACTED**] outside of mainland China to effect service of process upon us or our management residing in mainland China. As mainland China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments, you may fail to enforce in courts in mainland China the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us or our Directors or senior management.

On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**Arrangement**"), which came into effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland China. The Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the mainland China even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the mainland China, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the Arrangement.

RISKS RELATING TO THE [REDACTED]

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

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

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

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

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be [**REDACTED**] by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and trading volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [**REDACTED**] and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [**REDACTED**] and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the [**REDACTED**] of the shares of other companies engaging in similar business may also affect the [**REDACTED**] and trading volume of our H Shares. In addition to market and industry factors, the [**REDACTED**] and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, [**REDACTED**], expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors or regulatory developments. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our business performance.

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

The [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and [**REDACTED**] that we deem appropriate could be negatively impacted as a result of future [**REDACTED**] of our H Shares or other securities relating to our H Shares in the public market by our Shareholders, or the [**REDACTED**] of new shares or other securities, or the perception that such [**REDACTED**] or [**REDACTED**] may occur. In addition, our Shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. Furthermore, we may [**REDACTED**] shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or equity-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares. [**REDACTED**] of Shares by such Shareholders and the availability of these Shares for future [**REDACTED**] may have a negative impact on the [**REDACTED**] of our H Shares.

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any sale of the H Shares [**REDACTED**] by such

[**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material and adverse effect on the [**REDACTED**] of our H Shares and could cause substantial volatility in the trading volume of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

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

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

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

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media coverage relating to us, our Shares and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [**REDACTED**] should not rely on such information.

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various government, official sources and public information. However, our Directors cannot guarantee the reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and presenting such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from government and official sources and other public information, have not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the Listing Rules and exemptions from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

Rules	**Subject matter**
Rules 3.28 and 8.17 of the Listing Rules .	Appointment of joint company secretaries
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rule 19A.18(1) of the Listing Rules.	Appointment of an independent non-executive Director being ordinarily resident in Hong Kong
Paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance . .	Disclosure of executive Directors' residential addresses
Paragraphs 13, 26, 27, 29(1) and 45(2) of Appendix D1A to the Listing Rules and paragraphs 25 and 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Particulars of information of our subsidiaries
Rule 17.02(1)(b) of, and Paragraph 27 of Appendix D1A to the Listing Rules, and Paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure requirements in respect of outstanding Share Incentives

[**REDACTED**]

Chapter 14A of the Listing Rules	Continuing connected transaction

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary, who, by virtue of academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company considers that while it is necessary for our company secretary to be familiar with the relevant securities regulations in Hong Kong, he/she also needs to have experience relevant to our Company's operations, nexus to the Board and close working relationship with the management of our Company in order to perform the functions of a company secretary and to take the necessary actions in the most efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company's business as a company secretary.

We [have appointed] Mr. Jiang Li (蔣理) ("**Mr. Jiang**") and Ms. Jian Xuegen (簡雪艮) ("**Ms. Jian**") as our joint company secretaries. For the biographical details of Mr. Jiang and Ms. Jian, see "Directors, Supervisors and Senior Management." Since Mr. Jiang does not possess the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under the Listing Rules. To support Mr. Jiang in performing the duties of company secretary, we [have appointed] Ms. Jian, who meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide assistance for a three-year period from the [**REDACTED**] so as to enable Mr. Jiang to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties.

Accordingly, our Company has applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Jiang as our joint company secretary. Pursuant to Chapter 3.10 of the Listing Guide, such waiver [has been] granted on the conditions that: (i) Ms. Jian is appointed as a joint company secretary to assist Mr. Jiang in discharging his functions as a company secretary and gaining the relevant experience under Rule 3.28 of the Listing Rules; this waiver will be revoked immediately if and when Ms. Jian ceases to provide such assistance during the three-year period; and (ii) this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company.

In addition, Mr. Jiang will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance his understanding of the Listing Rules during the three-year period from the [**REDACTED**]. Our Company will further ensure that Mr. Jiang has access to the relevant training and support to familiarize himself with the Listing Rules and the duties of a company secretary of an [**REDACTED**] on the Stock Exchange. Prior to the expiration of the three-year period, our Company will further evaluate the qualifications and experience of Mr. Jiang to determine whether he has satisfied the requirements as stipulated under the Listing Rules and whether he needs further assistance. We will liaise with and assist the Stock Exchange in assessing whether Mr. Jiang, having benefited from the assistance of Ms. Jian for three years, has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong, which normally means that at least two executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement under Rule 8.12 may be waived having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Since most of the business operations of our Group are conducted outside of Hong Kong, and most of our executive Directors ordinarily reside outside of Hong Kong, our Company considers that it would be difficult to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors, which is not in the best interest of our Company and our Shareholders as a whole. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) **Authorized representatives:** our co-chairman of the Board and executive Director, Mr. Pan Jian (潘健), and our vice general manager, Board secretary and joint company secretary, Mr. Jiang Li, may act as the authorized representatives of our Company and our principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(b) **Directors:** each Director will provide his or her mobile phone number, office phone number, facsimile number (if any) and email address to the authorized representatives of our Company and the Stock Exchange. In the event that any Director expects to travel or otherwise be out of the office, he or she will provide the phone number of the place of accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(c) **Compliance Advisor:** our Company has appointed China Securities (International) Corporate Finance Company Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [**REDACTED**] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately following the [**REDACTED**]. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will have access at all times to our authorized representatives, Directors and senior management. We shall also ensure that our authorized representatives, Directors and senior management will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, authorized representatives, Directors, senior management and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Advisor; and

(d) **Legal advisors:** we will also engage legal advisors to advise on compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong.

APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR BEING ORDINARILY RESIDENT IN HONG KONG

Pursuant to Rule 19A.18(1) of the Listing Rules, our Company, as a PRC-incorporated issuer, is required to appoint at least one independent non-executive Director being ordinarily resident in Hong Kong.

Currently, all the independent non-executive Directors reside in mainland China. Our Company does not have, and will not have upon completion of the [**REDACTED**], any independent non-executive Director who is ordinarily resident in Hong Kong.

Accordingly, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 19A.18(1) of the Listing Rules based on the following grounds, until the end of the term of office, or the resignation or removal, of any independent non-executive Director, whichever is earlier:

(a) a substantial part of our business is managed by the Board and the senior management in mainland China. Being an independent non-executive Director is required to maintain close contact and communications with the Board and senior management to gain a better understanding of our Company's business, operations and decision-making process, as well as the challenges our Company may face from time to time, and thus enables them to make more targeted advice to provide independent and unbiased advice to the Board and ensure the long-term interest of the Shareholders;

(b) there are practical difficulties for our Company to change any current independent non-executive Director or appoint an additional independent non-executive Director who ordinarily resides in Hong Kong upon the [**REDACTED**]. Our independent non-executive Directors have recently been re-appointed to serve on the fourth session of the Board with a three-year term of office from December 26, 2024. Proposing the replacement of any of them soon after their re-appointment may create confusion in the market and undermine [**REDACTED**] confidence and raise concerns regarding the stability of governance practices. Moreover, the number of Directors and the composition of the Board (nine Directors, including three independent non-executive Directors) are stipulated in the Articles of Association.

Appointment of an additional independent non-executive Director who ordinarily resides in Hong Kong would require the amendment to the Articles of Association, for which our Company has to comply with certain procedures as required under the Articles of Association, the listing rules of the Shenzhen Stock Exchange and other applicable laws and regulations of mainland China, all of which could be time consuming and will distract the current focus of the senior management;

(c) our current independent non-executive Directors are highly recognized in their fields and industries, continue to provide independent advice and valuable industrial experience to the Board, and have extensive experience supervising listed issuers for the interest of the Shareholders and potential [**REDACTED**]. The current independent non-executive Directors are familiar with our business and operations and the management of our Board and senior management, whose experience and contribution to the Board are invaluable to our Group. Replacing any one of them with an individual ordinarily residing in Hong Kong or appointing such additional independent non-executive Director may not be beneficial to our Company and our Shareholders as a whole because (i) it may take our Company substantial time and efforts to identify a candidate as suitable as the current independent non-executive Directors, as such candidate with equivalent background, skills, experience and qualifications is not widely available in the market; and (ii) it would take any new independent non-executive Director a significant amount of time to understand our Group, the current trend of the market and industry, and other relevant factors that are crucial to the development and growth of our Group; and

(d) upon the [**REDACTED**], our Company will have satisfactory corporate governance practices and arrangements to maintain regular communication with the Stock Exchange during the waiver period, in particular, our Company will appoint two authorized representatives, and will provide the contact details of the authorized representatives and the Directors to ensure the Stock Exchange has access to our Company and our Directors. We will also appoint other professionals who are familiar with the relevant legal and regulatory issues and business environment in Hong Kong, such as the Compliance Advisor and Hong Kong legal advisors, to ensure our compliance with the Listing Rules after completion of the [**REDACTED**].

DISCLOSURE OF EXECUTIVE DIRECTORS' RESIDENTIAL ADDRESSES

Paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires this document to include the addresses of the directors and paragraph 45 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that such address means the place of usual residence of the directors.

We have applied for, and the SFC [has granted] us, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of the disclosure of the residential addresses of Dr. Zeng Yuqun, our founder, chairman of the Board, executive Director and general manager, and Mr. Pan Jian, our co-chairman of the Board and executive Director (the "**Relevant Directors**") on the ground that such disclosure would be inappropriate having considered the following factors:

(a) Unnecessary attention and real risks to Relevant Directors

The Relevant Directors are high profile public figures. The corporate decisions and speeches made by them often generate interest in the general public and the media. Given the [**REDACTED**] would inevitably attract significant media and public attention, it is reasonable for our Company to believe that the disclosure of the residential addresses of the Relevant Directors may expose the Relevant Directors and their families to unnecessary attention, disturbance and personal safety risks.

(b) Risks to our business operations

Public disclosure of the Relevant Directors' residential addresses may also distract or deter the Relevant Directors from effectively managing the business and other Board affairs. If the Relevant Directors become susceptible to actual or perceived attacks to themselves and their families by virtue of the disclosure, their ability to focus on their duties and make sound decisions for our Company may be affected. Meanwhile, it may facilitate the potential theft or fraud of confidential information or other malicious activities against the Relevant Directors, causing financial losses, reputational damage or legal disputes to the Relevant Directors and the Company.

(c) Minimal impact on [REDACTED] public

The addresses of our head office and principal place of business as well as the business addresses of the Relevant Directors have been disclosed in this document, such that the communicability and accountability of the Relevant Directors as executive Directors is not compromised. All other material information in relation to the Relevant Directors as executive Directors as required to be disclosed under the Listing Rules and the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, including their names, age, working experience, academic background and qualifications, have been properly disclosed in this document. Given our Company's business and financial performance as set out in this document as well as our disclosure track record, the non-disclosure of the residential addresses of the Relevant Directors would have minimal impact on the decision of the potential [**REDACTED**] to [**REDACTED**] in the H Share of our Company, would not interfere with the provision of information to [**REDACTED**] to make an informed assessment of the Relevant Directors' character, experience and integrity acting as a director of a H-share [**REDACTED**], and would not prejudice the interests of the [**REDACTED**] public or affect their ability to make informed [**REDACTED**] decisions. On the contrary, the Relevant Directors are the key figures to our business, and any coercion, harassment or other actual or potential security threats that may be incurred as a result of the public disclosure of their personal addresses, or damage to the Company's reputation or disruption of its operations, could have a material adverse effect on our business, financial position and results of operations, thereby exposing the Shareholders to the risk of substantial loss of their [**REDACTED**].

PARTICULARS OF INFORMATION OF OUR SUBSIDIARIES

Paragraphs 13 and 26 of Appendix D1A to the Listing Rules require this document to include the particulars of any commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of, and the particulars of any alterations in the capital of, any member of our Group within the two years immediately preceding the issue of this document.

Paragraph 27 of Appendix D1A to the Listing Rules require this document to include particulars of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement.

Paragraph 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires particulars of the authorized debentures of our Company and its subsidiaries to be disclosed in this document.

Paragraph 29(1) of Appendix D1A to the Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require this document to include, information in relation to the name, date and place of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company (a) the whole of the capital of which or a substantial proportion thereof is held or intended to be held by our Company, or (b) whose profits or assets make, or will make a material contribution to the figures in the Accountants' Report or to our Company's next financial statements.

Paragraph 45(2) of Appendix D1A to the Listing Rules requires to disclose the name of each person (other than Directors or chief executive of our Company), who is directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities.

As of the Latest Practicable Date, we had more than 300 subsidiaries globally. The disclosure of the required information about all our subsidiaries would be unduly burdensome for us as we would incur additional costs and have to allocate additional resources to the preparation and verification of the relevant information for such disclosure, while such information would not be material or meaningful to [**REDACTED**]. The non-disclosure of such information will not prejudice the interest of our Shareholders or potential [**REDACTED**].

We have identified 11 Major Subsidiaries that we consider material, taking into account various factors including the significance of their business segments and financial contribution as well as our Group's strategies. For instance, before intercompany eliminations and on a standalone basis, (i) the aggregate revenue of our Company and the Major Subsidiaries accounted for 86.3%, 85.7% and 82.1% of the total revenue of our Group for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, respectively; and (ii) the aggregate total assets of our Company and the Major Subsidiaries accounted for 81.5%, 77.7% and 76.1% of the total assets of our Group as of December 31, 2022 and 2023 and September 30, 2024, respectively. Save for the Major Subsidiaries, none of our other subsidiaries, on a standalone basis, recorded revenue exceeded 5% of the revenue of our Group for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, respectively; and none of our other subsidiaries, on a standalone basis, had total assets exceeded 5% of the total assets of our Group as of December 31, 2022 and 2023 and September 30, 2024, respectively.

We have disclosed the particulars of the changes in the share capital of our Company and the Major Subsidiaries, if any, in "Appendix VI — Statutory and General Information — 1. Further Information about Our Group" to this document. We have also disclosed the corporate information (including name, principal business activities, place and date of incorporation and the interest held by the Group) of the Major Subsidiaries as required under Paragraph 29(1) of Appendix D1A to the Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in "History and Corporate Structure." We have also disclosed in "Appendix VI — Statutory and General Information" to this document particulars of any capital of the Major Subsidiaries which is under option, or agreed conditionally or unconditionally to be put under option. In addition, details of each person (other than Directors, Supervisors or chief executive of our Company) of our Group who is interested in 10% or more of the issued voting shares of any Major Subsidiaries and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities, if any, are disclosed in "Appendix VI — Statutory and General Information — 3. Further Information about Directors, Supervisors, Chief Executive and Substantial Shareholders of Our Company — D. Interests of Substantial Shareholders in Shares of Our Company and/or Our Major Subsidiaries" to this document.

We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under paragraphs 13, 26, 27, 29(1) and 45(2) of Appendix D1A to the Listing Rules, to the extent not strictly met by the current disclosure in this document. We have applied for, and the SFC [has granted] us, a certificate of exemption from strict compliance with the requirements under paragraphs 25 and 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document.

DISCLOSURE REQUIREMENTS IN RESPECT OF OUTSTANDING SHARE INCENTIVES

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the Share Incentives granted by our Company (the "**Share Incentive Disclosure Requirements**"):

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a share scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding Share Incentives and their potential dilution effect on the shareholdings upon the [**REDACTED**] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding Share Incentives;

(b) paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(c) paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that our Company shall disclose, inter alia, the number, description and amount of any shares or debentures of our Company which may be subscribed for by any person by virtue of an option or a right to acquire an option, together with the particulars of the option, i.e. (i) the period for which the option is exercisable; (ii) the price to be paid for the subscription for the shares or debentures pursuant to the option; (iii) the consideration, if any, paid or to be paid for the acquisition of the option, or the right to acquire the same; and (iv) the name and address of the person to whom the option is granted or who is entitled to receive the option or, in the case of existing shareholders or debenture holders, the document must specify the shares or debentures.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Listing Guide, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, each of the 2021 Share Incentive Plan, the 2022 Share Incentive Plan and the 2023 Share Incentive Plan was in effect, to which the Share Incentive Disclosure Requirements are applicable. For details, see "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document.

As of the Latest Practicable Date, the total number of A Shares underlying all outstanding Share Incentives under the Share Incentive Plans amounted to 14,992,524, accounting for approximately [**REDACTED**]% of the total issued Shares upon completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), of which the outstanding Share Incentives representing 706,552 A Shares and 570,391 A Shares were granted to our Directors and senior management, respectively, accounting for approximately 4.71% and 3.80% of the total outstanding Share Incentives under the Share Incentive Plans, and approximately [**REDACTED**]% and [**REDACTED**]% of the total issued Shares upon completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

We have applied to: (i) the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the grounds that strict compliance with the Share Incentive Disclosure Requirements would be unduly burdensome for our Company and the waiver and exemption would not prejudice the interest of the [**REDACTED**] public for the following reasons:

(a) given that over 4,000 grantees (other than our Directors or senior management) are involved under the Share Incentive Plans, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Share Incentive Plans in this document would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and [**REDACTED**] preparation. For example, the disclosure of personal information of each grantee may require the consent of all grantees to comply with personal information privacy laws and principles. Given the number of grantees, obtaining their consent would cause an unnecessary burden on our Company;

(b) full disclosure of the Share Incentives granted to each grantee, by disclosing or providing a full list of grantees containing all the required details in this document, could provide our employees with access to information about the remuneration of their peers or other employees, which may have a negative impact on employee morale, lead to negative internal competition and result in increased costs of recruiting and retaining talents. On the contrary, not disclosing such details in full will allow us more flexibility in determining our remuneration policies and details;

(c) full disclosure of the details of the grantees and the respective Share Incentives granted to them will provide competitors with details of our employee remuneration and facilitate their recruitment activities, which may affect our Group's ability to recruit and retain valuable personnel;

(d) the grant and exercise in full of the Share Incentives under the Share Incentive Plans will not cause any material adverse impact to the financial position of our Group;

(e) there will not be any new H Shares issued under the Share Incentive Plans as such plans are A-Share incentive plans;

(f) non-compliance with the Share Incentive Disclosure Requirements would not prevent our Company from providing our potential [**REDACTED**] with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(g) material information relating to the Share Incentives has been disclosed in this document to provide prospective [**REDACTED**] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per share of the Share Incentives in making their [**REDACTED**] decision, and such information includes:

(i) a summary of the latest terms of the Share Incentive Plans;

(ii) full details of the Share Incentives granted by our Company to our Directors and senior management as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (other than the residential addresses), on an individual basis, shall be disclosed in this document;

(iii) with respect to the Share Incentives granted to the remaining grantees (being grantees who are not our Directors and senior management), disclosure is made on an aggregate basis categorized by the number of outstanding Share Incentives, and in respect of each group of Shares, the following details are disclosed in this document: (A) the number of grantees and the number of Shares underlying the Share Incentives, (B) the consideration paid (if any) for the grant of the Share Incentives, and (C) the vesting/exercise period and the exercise price of such Share Incentives;

(iv) the total number of Shares underlying the outstanding Share Incentives under the Share Incentive Plans and the percentage to our total issued Shares represented by such number of Shares as of the Latest Practicable Date;

(v) the dilutive effect and the impact on earnings per share upon full exercise of the Share Incentives upon completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]); and

(vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively.

We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the Share Incentive Disclosure Requirements on the conditions that:

(a) a summary of the latest terms of the Share Incentive Plans is disclosed in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document;

(b) full details as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance of the Share Incentives granted by our Company to our Directors and senior management (other than their residential addresses), on an individual basis, are disclosed in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document;

(c) with respect to the Share Incentives granted to the remaining grantees (being grantees who are not our Directors or senior management), disclosure is made on an aggregate basis categorized by the number of outstanding Share Incentives, and in respect of each group of Shares, the following details are disclosed in this document: (i) the number of grantees and the number of Shares underlying the Share Incentives, (ii) the consideration paid (if any) for the grant of the Share Incentives, and (iii) the vesting/exercise period and the exercise price of such Share Incentives;

(d) the total number of Shares underlying the outstanding Share Incentives under the Share Incentive Plans and the percentage to our total issued Shares represented by such number of Shares as of the Latest Practicable Date are disclosed in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document;

(e) the dilutive effect and impact on earnings per share upon the full exercise of such Share Incentives upon completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]) are disclosed in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document;

(f) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(g) the particulars of the waiver will be disclosed in this document.

We have applied for, and the SFC [has granted] us, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) full details as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance of the Share Incentives granted by our Company to our Directors and senior management (other than their residential addresses), on an individual basis, are disclosed in "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document;

(b) with respect to the Share Incentives granted to the remaining grantees (being grantees who are not our Directors or senior management), disclosure is made on an aggregate basis categorized by the number of outstanding Share Incentives, and in respect of each group of Shares, the following details are disclosed in this document: (i) the total number of grantees and number of Shares underlying the Share Incentives, (ii) the consideration paid (if any) for the grant of the Share Incentives, and (iii) the vesting/exercise period and the exercise price of such Share Incentives; and

(c) the particulars of the exemption will be disclosed in this document, and this document will be issued on or before [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

CONTINUING CONNECTED TRANSACTION

As stated in "Connected Transactions," our Company engages in and is expected to continue to conduct certain transactions which will constitute a partially-exempt continuing connected transaction of our Company under the Listing Rules upon the [**REDACTED**]. The Directors of our Company consider that strict compliance with the applicable requirements of the Listing Rules would become an unnecessary burden and would impose unnecessary administrative costs on our Company.

Accordingly, our Company has applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules in respect of such partially-exempt continuing connected transaction upon the [**REDACTED**]. For details, see "Connected Transactions."

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Zeng Yuqun (曾毓群博士)	No. 2 Xingang Road Zhangwan Town Jiaocheng District, Ningde City Fujian Province PRC*Note*	Chinese (Hong Kong)
Mr. Pan Jian (潘健先生)	No. 2 Xingang Road Zhangwan Town Jiaocheng District, Ningde City Fujian Province PRC*Note*	Chinese (Hong Kong)
Mr. Li Ping (李平先生)	Room 1803, Building 15 Guanyunxuan Community No. 6 Xingang Road Zhangwan Town Jiaocheng District, Ningde City Fujian Province PRC	Chinese
Mr. Zhou Jia (周佳先生)	Room 406, Building 16 Guanyunxuan Community No. 6 Xingang Road Zhangwan Town Jiaocheng District, Ningde City Fujian Province PRC	American

Note: Being the business addresses of Dr. Zeng Yuqun and Mr. Pan Jian. We have applied to the SFC, and the SFC [has granted], an exemption from the strict compliance with the requirements under paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Accordingly, our Company is only required to disclose the business addresses of Dr. Zeng Yuqun and Mr. Pan Jian, instead of their residential addresses. For details, see "Waivers and Exemptions — Disclosure of Executive Directors' Residential Addresses."

Name	Address	Nationality
Dr. Ouyang Chuying (歐陽楚英博士)	Room 402, Unit 1, Building 31 No. 202 Beijing West Road Qingshanhu District, Nanchang City Jiangxi Province PRC	Chinese
Mr. Zhao Fenggang (趙豐剛先生)	Room 1402, Block 1 Fuzhuyuan Shizhuxin Garden No. 18 Hongtu Road, Nancheng Dongguan City Guangdong Province PRC	Chinese

Independent Non-executive Directors

Name	Address	Nationality
Dr. Wu Yuhui (吳育輝博士)	Room 602 No. 88 South Huizhan Erli Siming District, Xiamen City Fujian Province PRC	Chinese
Mr. Lin Xiaoxiong (林小雄先生)	Room 601 No. 36-1 South Hubin Road Siming District, Xiamen City Fujian Province PRC	Chinese
Dr. Zhao Bei (趙蓓博士)	Room 701 No. 28 Baicheng Beach Xiamen University Siming District, Xiamen City Fujian Province PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Wu Yingming (吳映明先生)	Room 1803, Building 13 Guanyunxuan Community No. 6 Xingang Road Zhangwan Town Jiaocheng District, Ningde City Fujian Province PRC	Chinese
Ms. Feng Chunyan (馮春艷女士)	Room 1405, Unit 2, Block 15 Baoxin City Plaza No. 2 Tianhu East Road Jiaocheng District, Ningde City Fujian Province PRC	Chinese
Dr. Liu Na (柳娜博士)	Room 704, Building 1 Orange Court Goldland Green Town Xiping Village, Nancheng Dongguan City Guangdong Province PRC	Chinese

For further details regarding our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors *(in alphabetical order)*	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong **J.P. Morgan Securities (Far East) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong **Merrill Lynch (Asia Pacific) Limited** 55/F, Cheung Kong Center 2 Queen's Road Central Central Hong Kong
[**REDACTED**] *(in alphabetical order)*	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong **Merrill Lynch (Asia Pacific) Limited** 55/F, Cheung Kong Center 2 Queen's Road Central Central Hong Kong

[REDACTED]
(in alphabetical order)

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

Morgan Stanley Asia Limited
46/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

UBS AG Hong Kong Branch
52/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Legal Advisors to our Company

As to Hong Kong and U.S. laws

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

As to PRC laws

Llinks Law Offices
19/F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai
PRC

Legal Advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong and U.S. laws* **Linklaters** 11/F, Alexandra House Chater Road Central Hong Kong *As to PRC laws* **CM Law Firm** Room 2805, Plaza 66 Tower 2 1366 West Nanjing Road Shanghai PRC
Independent Auditor and Reporting Accountants	**Grant Thornton Hong Kong Limited** *Certified Public Accountant and* *Registered Public Interest Entity Auditor* 11/F, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Industry Consultant	**Shenzhen GaoGong Industry Research & Consulting Co. Ltd.** Room 401B, Block A, Wanhai Building 1031 Nanhai Avenue, Yanshan Community Zhaoshang Street Nanshan District Shenzhen PRC
Compliance Advisor	**China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office in mainland China and Headquarters	No. 2 Xingang Road, Zhangwan Town Jiaocheng District, Ningde City Fujian Province PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Company's Website	**www.catl.com** *(Information contained in this website does not form part of this document)*
Joint Company Secretaries	**Mr. Jiang Li** No. 2 Xingang Road, Zhangwan Town Jiaocheng District, Ningde City Fujian Province PRC **Ms. Jian Xuegen** *(HKCPA, PRC CPA)* 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wan Chai Hong Kong
Strategy Committee	Dr. Zeng Yuqun *(Chairperson)* Mr. Pan Jian Mr. Li Ping Mr. Zhou Jia Dr. Ouyang Chuying Mr. Zhao Fenggang
Audit Committee	Dr. Wu Yuhui *(Chairperson)* Mr. Lin Xiaoxiong Dr. Zhao Bei
Nomination Committee	Mr. Lin Xiaoxiong *(Chairperson)* Dr. Wu Yuhui Dr. Zeng Yuqun

Remuneration and Appraisal Committee	Dr. Zhao Bei *(Chairperson)* Mr. Lin Xiaoxiong Mr. Li Ping

[**REDACTED**]

Principal Banks	**Industrial and Commercial Bank of China Ningde Jiaocheng Sub-branch** No. 51 South Jiaocheng Road Jiaocheng District, Ningde City Fujian Province PRC
	China Merchants Bank Nancheng Sub-branch No. 18 Hongbei Road, Nancheng Street Dongguan City Guangdong Province PRC
	HSBC Bank Fuzhou Branch No. 06-09, 1st Floor No. 363 Middle Jiangbin Avenue Aofeng Street Taijiang District, Fuzhou City Fujian Province PRC
	Standard Chartered Bank Fuzhou Branch Unit 1505, Xinhe Plaza No. 137 Wusi Road Gulou District, Fuzhou City Fujian Province PRC

The information and statistics set out in this section and other sections of this document are derived from various official government publications, market research and other publicly available sources, and other information sourced from independent suppliers, and from the independent industry report prepared by GGII. The information from official government sources has not been independently verified by us, the Joint Sponsors, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED]*, any of the* [REDACTED]*, any of their respective directors and advisors, or any other persons or parties involved in the* [REDACTED]*, and no representation is given as to its accuracy.

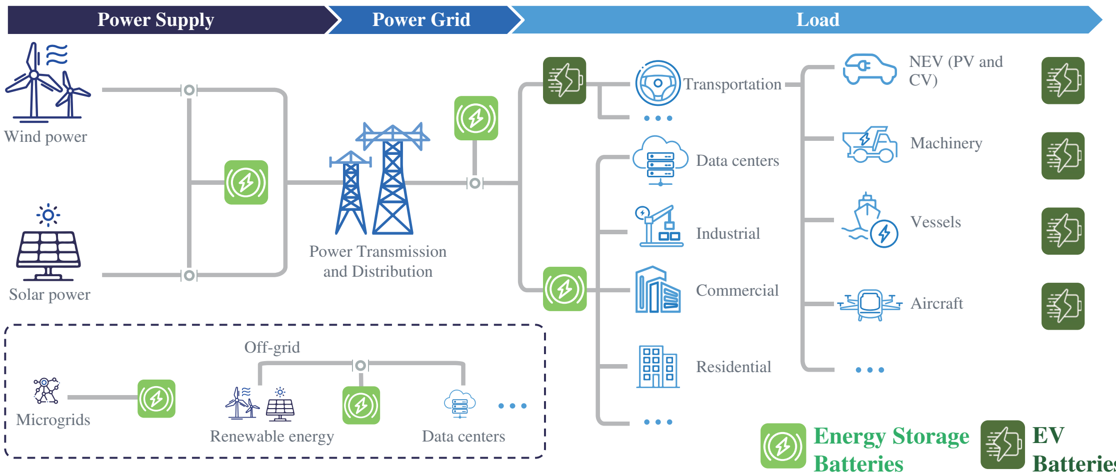
In recent years, in response to the challenges posed by global climate change and promoting sustainable development, many countries have formulated strategies and policy initiatives to drive clean energy transition and promote a low-carbon economy. According to Net Zero Tracker, 195 jurisdictions worldwide have declared and adopted Nationally Determined Contributions[1], with a strong emphasis on decarbonizing key sectors such as power, transportation and industrials. Energy systems in these countries are evolving to become greener, more efficient and intelligent.

On the power supply side, renewable energy such as wind and solar power have witnessed rapid expansion globally, with their share of total installed capacity continuously increasing. Energy storage system is set to play an essential role in providing stability and flexibility in power systems as renewables scale up. On the grid side, as power grid becomes more flexible, digitalized and intelligent, its capacity to integrate and accommodate renewable energy is continuously improving. On the load side, the NEV penetration has surged in recent years, with electrification extending further to sectors such as machinery, vessels and aircraft, advancing the transition toward green mobility in phases. Meanwhile, industrial electrification is deepening, driving the adoption of energy storage solutions in commercial and industrial applications to facilitate emission reduction. Upon multi-energy complementarity, generation-grid planning, and source-load interaction, integrated energy system is promoting low-carbon and clean energy transition of the whole society.

High-quality lithium-ion battery, as core energy storage carrier, with advantages such as high energy density, long life cycle, excellent stability and safety features, play a pivotal role in new electricity system and low-carbon society. Lithium-ion batteries are primarily classified by application into three categories: EV batteries, ESS batteries, and consumer electronics batteries. The mass adoption of lithium-ion battery-powered applications has led to the development of supporting services, electrification ecosystem and infrastructure, such as high-efficiency battery charging and swapping and intelligent energy management solutions.

1 Nationally Determined Contributions (NDCs) are national climate action plans by each country under the Paris Agreement, an international treaty on climate change including commitments from each country to reduce emissions and work together to adapt to the impacts of climate change.

The Omnipresent Application of Lithium-ion Batteries in Low-Carbon and Clean Energy Transition



OVERVIEW OF THE EV BATTERY INDUSTRY

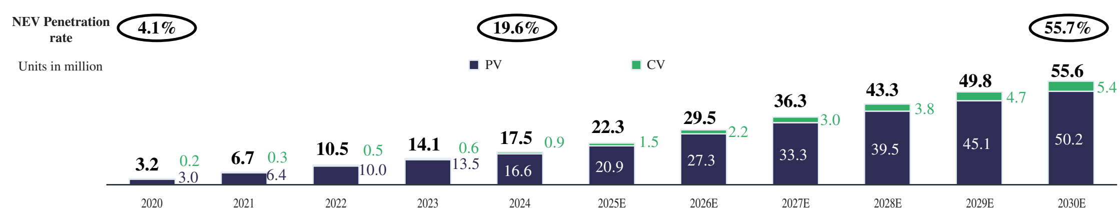
EV batteries are designed to supply energy to power systems in mobility applications. EV batteries can be primarily classified by cathode materials into ternary batteries and LFP batteries. According to the GGII Report, the combined market share of ternary batteries and LFP batteries exceeded 99% of global EV battery shipments in 2024, making them the mainstream EV battery products in the current market. Ternary cathode materials theoretically offer a higher battery energy capacity per gram, enabling greater energy density, higher charging and discharging efficiency, and wide operating temperature range, while LFP batteries exhibit better thermal stability and longer life cycle. Beyond these mainstream technologies, the industry continues to advance through ongoing research and innovation, driving breakthroughs in emerging battery technologies such as sodium-ion batteries, condensed batteries, thereby expanding potential application scenarios.

NEV represent the largest end market for EV batteries globally, which can be categorized into new energy PV and new energy CV. The wide adoption of NEV contributes to the low-carbon development of transportation. In addition, NEV also enhance the overall user experience through improvements in dynamic performance and intelligent vehicle systems. The increasing NEV penetration has driven the growth of global EV battery shipments. Currently, new energy PV primarily utilize both ternary batteries and LFP batteries, while new energy CV mainly use LFP batteries.

Overview of the Global NEV Market

Global NEV Market by Region

Global NEV Sales Volume and Market Penetration

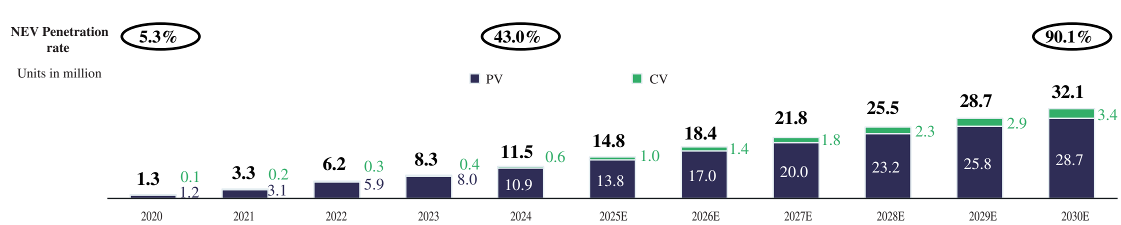


Source: GGII Report

Note: The NEV penetration rate is calculated by dividing the annual sales volume of NEV by total vehicle sales volume for the same year. Similarly, the penetration rate of new energy PV/CV is calculated by dividing the annual sales volume of new energy PV/CV by the sales volume in their category for the same year.

The global NEV demand continues to grow. The global sales volume of NEV increased from 3.2 million units in 2020 to 17.5 million units in 2024, and is expected to further increase to 55.6 million units in 2030, representing a CAGR of 21.2% from 2024 to 2030. The global NEV penetration rate is expected to increase from 19.6% in 2024 to 55.7% in 2030. Specifically, the penetration rate of new energy PV is expected to increase from 22.8% in 2024 to 61.0% in 2030, and the penetration rate of new energy CV is expected to increase from 5.6% in 2024 to 31.0% in 2030.

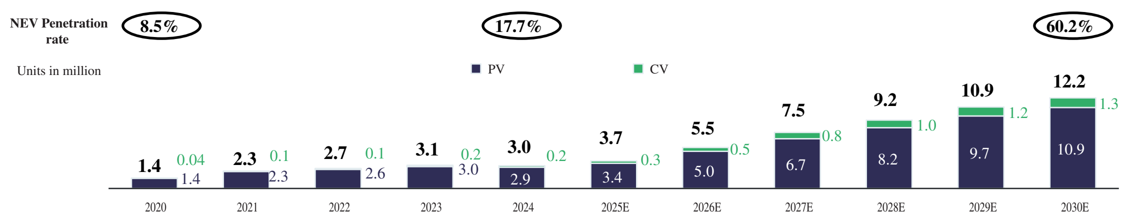
NEV Sales Volume and Market Penetration in China



Source: GGII Report

China is the world's largest NEV market by sales volume in 2024, with a total of 11.5 million units sold, and the sales volume is expected to increase to 32.1 million units in 2030, representing a CAGR of 18.7% from 2024 to 2030. The NEV penetration rate in China reached 43.0% in 2024 and is expected to increase to 90.1% in 2030. Specifically, the penetration rate of new energy PV in China is expected to increase from 47.4% in 2024 to 93.4% in 2030, and the penetration rate of new energy CV is expected to increase from 16.3% in 2024 to 69.5% in 2030.

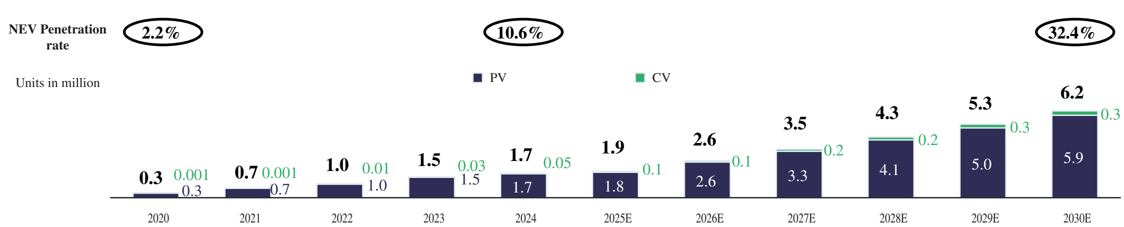
NEV Sales Volume and Market Penetration in Europe



Source: GGII Report

In Europe, the NEV penetration rate reached 17.7% in 2024, and the sales volume of NEV is expected to increase to 12.2 million units in 2030, with a CAGR of 25.9% from 2024 to 2030. The NEV penetration rate in Europe is expected to increase to 60.2% in 2030. Specifically, the penetration rate of new energy PV is expected to increase from 20.0% in 2024 to 64.0% in 2030, and the penetration rate of new energy CV is expected to increase from 6.5% in 2024 to 39.8% in 2030.

NEV Sales Volume and Market Penetration in the United States

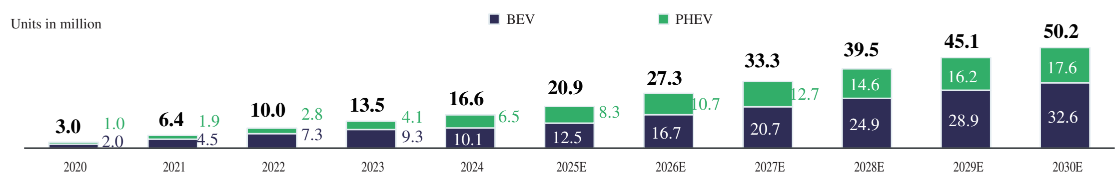


Source: GGII Report

In the United States, the NEV penetration rate reached 10.6% in 2024, and the sales volume of NEV is expected to increase to 6.2 million units in 2030, with a CAGR of 23.5% from 2024 to 2030. The NEV penetration in the United States is expected to increase to 32.4% in 2030. Specifically, the penetration rate of new energy PV is expected to increase from 13.4% in 2024 to 39.0% in 2030, and the penetration rate of new energy CV is expected to increase from 1.2% in 2024 to 7.6% in 2030.

Global NEV Market by PV and CV

Global New Energy PV Sales Volume

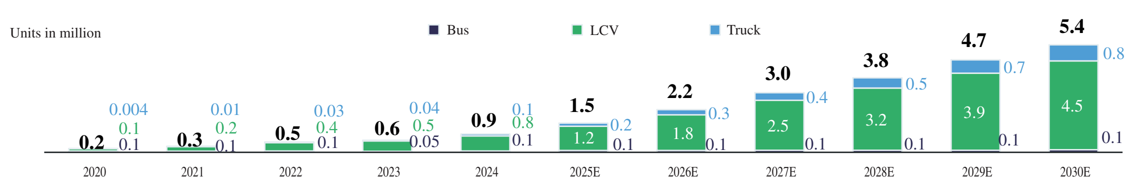


Source: GGII Report

Note: PHEV include REV

New energy PV accounted for approximately 95% of total NEV sales volume in 2024. They can be categorized by powertrain type into BEV and PHEV. In 2024, the average battery energy capacity per vehicle was 62 kWh for BEV and 25 kWh for PHEV. The global sales volume of new energy PV reached 16.6 million units in 2024 and is expected to increase to 50.2 million units in 2030, representing a CAGR of 20.2% from 2024 to 2030. Specifically, the global sales volume of BEV are expected to increase from 10.1 million units in 2024 to 32.6 million units in 2030, with a CAGR of 21.6%, and its market share in new energy PV is expected to increase from 60.8% in 2024 to 65.0% in 2030. The global sales volume of PHEV is expected to increase from 6.5 million units in 2024 to 17.6 million units in 2030 with a CAGR of 18.0%.

Global New Energy CV Sales Volume



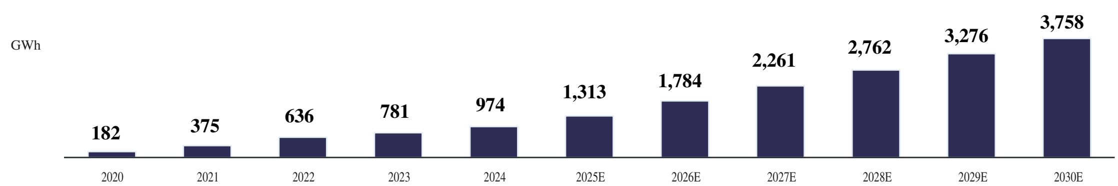
Source: GGII Report

New energy CV primarily include new energy bus, new energy LCV and new energy truck. Compared to new energy PV, E-Bus and E-Truck require significantly larger battery energy capacity per vehicle. In 2024, the average battery energy capacity per vehicle was 224 kWh for E-Bus and 340 kWh for E-Truck. With improving cost-effectiveness, infrastructure development, and increasing market adoption, the global sales volume of new energy CV increased from 0.2 million units in 2020 to 0.9 million units in 2024 and is expected to increase to 5.4 million units in 2030, representing a CAGR of 34.3% from 2024 to 2030. In 2024, total global CV sales volume reached 16.5 million units, while new energy CV accounted for only 5.6% of the market, highlighting the significant growth potential in this segment. The penetration rate of new energy CV is expected to increase to 31.0% in 2030. China is currently the largest market for new energy CV. The penetration rate of new energy CV in China is expected to increase from 16.3% in 2024 to 69.5% in 2030. Specifically, the penetration rate of new energy bus is expected to increase from 38.0% in 2024 to 60.0% in 2030; the penetration rate of new energy LCV is expected to increase from 16.3% in 2024 to 76.3% in 2030; the penetration rate of new energy truck is expected to increase from 12.0% in 2024 to 42.0% in 2030.

Overview of Global EV Battery Market

EV Battery Shipments by Region

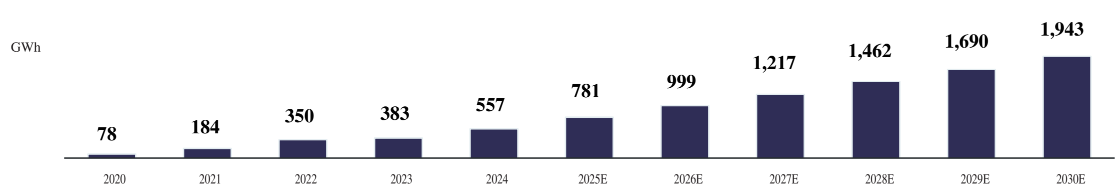
Global Shipments of EV Batteries



Source: GGII Report

The growth in sales volume of NEV is driving and is expected to continue propelling a sustained increase in global EV battery shipments. The global EV battery shipments increased from 182 GWh in 2020 to 974 GWh in 2024 with a CAGR of 52.0%, and are expected to reach 3,758 GWh in 2030 with a CAGR of 25.2% from 2024 to 2030.

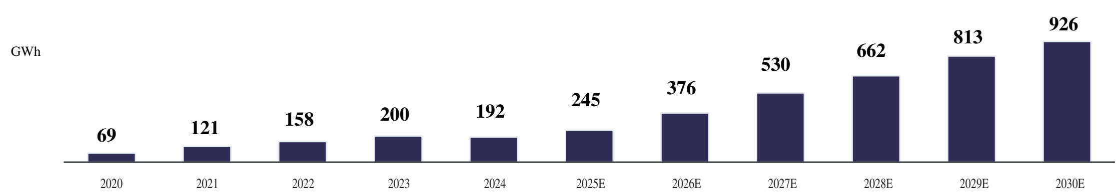
Shipments of EV Batteries in China



Source: GGII Report

In recent years, China's EV battery market has experienced rapid growth and become the world's largest EV battery market. China's EV battery shipments increased from 78 GWh in 2020 to 557 GWh in 2024 with a CAGR of 63.7%, and are expected to grow to 1,943 GWh in 2030 with a CAGR of 23.1% from 2024 to 2030.

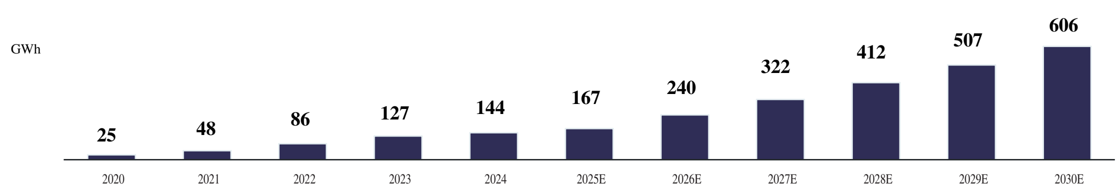
Shipments of EV Batteries in Europe



Source: GGII Report

EV battery shipments in Europe are expected to grow from 192 GWh in 2024 to 926 GWh in 2030, with a CAGR of 30.0%.

Shipments of EV Batteries in the United States

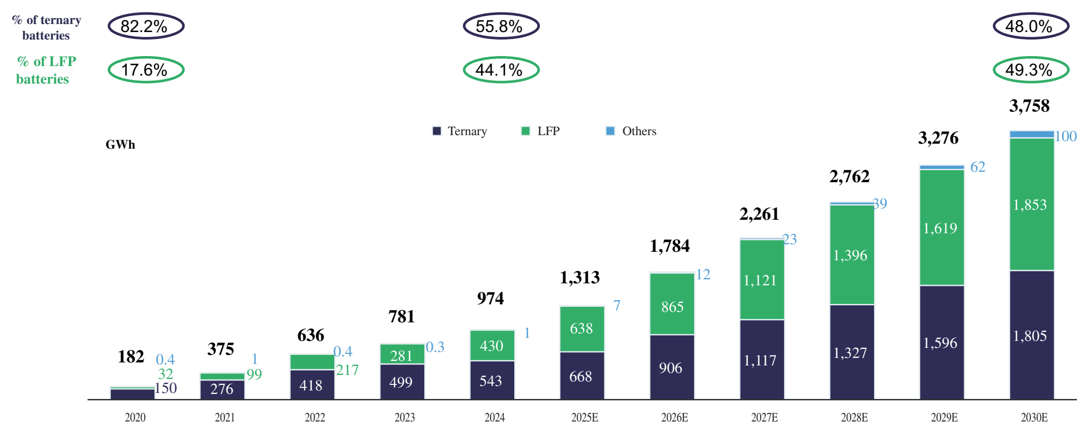


Source: GGII Report

EV battery shipments in the United States are expected to grow from 144 GWh in 2024 to 606 GWh in 2030, with a CAGR of 27.1%.

EV Battery Shipments by Cathode Chemistry

Global Shipments of EV Batteries by Cathode Chemistry



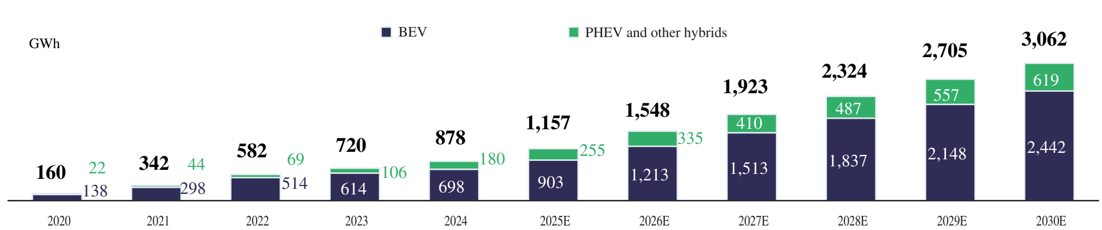
Source: GGII Report

Note: Others include sodium-ion batteries and others

The global shipments of ternary batteries increased from 150 GWh in 2020 to 543 GWh in 2024 with a CAGR of 38.0%, and are expected to reach 1,805 GWh in 2030 with a CAGR of 22.1% from 2024 to 2030, accounting for 48.0% of global EV battery shipments in 2030. The global shipments of LFP batteries increased from 32 GWh in 2020 to 430 GWh in 2024 with a CAGR of 91.4% from 2020 to 2024. The global market share of LFP batteries increased from 17.6% in 2020 to 44.1% in 2024, with shipments expected to reach 1,853 GWh in 2030 with a CAGR of 27.6% from 2024 to 2030, accounting for 49.3% of the global EV battery shipments.

EV Battery Shipments by PV and CV

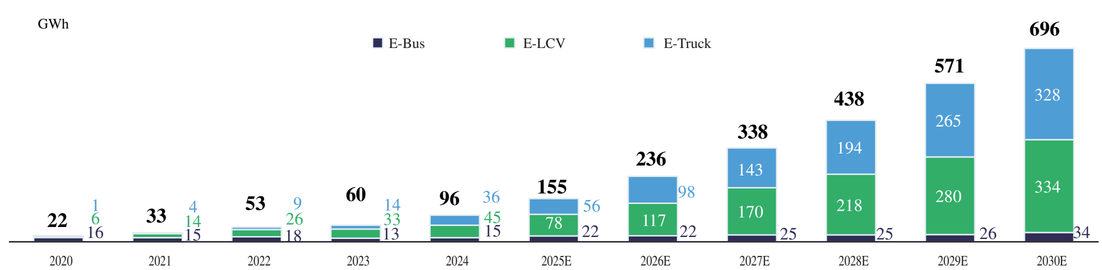
Global Shipments of EV Batteries for PV



Source: GGII Report

The global shipments of EV batteries for PV increased from 160 GWh in 2020 to 878 GWh in 2024, with a CAGR of 53.0%, and are expected to reach 3,062 GWh in 2030. In particular, the shipments of EV batteries for BEV, which feature higher battery energy capacity per vehicle compared to PHEV, are expected to grow from 698 GWh in 2024 to 2,442 GWh in 2030 with a CAGR of 23.2%, while the shipments of EV batteries for PHEV and other hybrids are expected to increase from 180 GWh in 2024 to 619 GWh in 2030 with a CAGR of 22.9%.

Global Shipments of EV Batteries for CV



Source: GGII Report

The global shipments of EV batteries for new energy CV increased from 22 GWh in 2020 to 96 GWh in 2024 with a CAGR of 44.0%, and are expected to reach 696 GWh in 2030, with a CAGR of 39.1% from 2024 to 2030. In particular, the shipments of EV batteries for E-Bus are expected to grow from 15 GWh in 2024 to 34 GWh in 2030 with a CAGR of 14.1%; the shipments of EV batteries for E-LCV are expected to increase from 45 GWh in 2024 to 334 GWh in 2030 with a CAGR of 39.8%; and the shipments of EV batteries for E-Truck are expected to increase from 36 GWh in 2024 to 328 GWh in 2030 with a CAGR of 44.6%.

Growth Drivers for the EV Battery Market

Rapid Development of the NEV Market: The accelerating electrification of vehicles has contributed to the rapid growth in the EV battery market. This increasing penetration of NEV is driven by the following factors:

- ***Rapid increase in available NEV models:*** The global automobile industry is transitioning toward electrification. Automakers have continuously increased their investments in the R&D and production of NEV, leading to a rapid increase in the number of available NEV models. According to the GGII Report, in 2024, the number of new energy PV models available for sale worldwide exceeded 750 and is expected to reach over 1,500 in 2030.

- ***Advancement in intelligence:*** The electrical architecture of NEV is more adaptable to the hardware and software systems required for intelligent vehicles. With continuous advancement and wide application of technologies such as smart cockpits and autonomous driving, user experience has significantly improved. Smart cockpit technology enables intelligent human-machine interaction, high-definition displays with immersive experiences, and multimedia interconnectivity, comprehensively enhancing the end-user experience. According to the GGII Report, by 2030, global sales of new energy PV equipped with smart cockpits are expected to reach approximately 43 million, accounting for 85% of the total sales volume of new energy PV. In terms of autonomous driving, by 2030, approximately 38 million new energy PV to be sold globally will feature L2 or higher technologies, accounting for 76% of the total sales volume of new energy PV. As L3 and above autonomous driving technologies mature, autonomous NEV will gradually enter commercialization, further boosting demand for NEV in the future.

- ***Continuous improvement of NEV infrastructure:*** The scale of global battery charging and swapping infrastructure has expanded significantly. The increasingly well-developed charging and swapping network for NEV has significantly enhanced the convenience of using NEV. According to the GGII Report, installed charging piles worldwide exceeded 50 million by the end of 2024, more than three times the number by the end of 2020. Among these, the number of public fast-charging piles reached approximately 3 million, and is expected to reach 10 million by the end of 2030. In addition, the promotion and adaption of battery-swapping modes have further improved the efficiency and flexibility of NEV replenishing solutions. By the end of 2024, there were over 5,000 battery-swapping stations worldwide, more than seven times the number by the end of 2020, and is expected to exceed 20,000 by the end of 2030.

- ***Improved cost effectiveness:*** The continuous advancement in NEV technology, the maturity of the supply chain, and economies of scale have steadily reduced NEV purchase costs. Meanwhile, electricity costs and maintenance expenses of NEV during usage period are significantly lower than those for traditional fuel vehicles, making NEV more attractive to end users. According to the GGII Report, E-Bus, E-LCV and E-Truck used for urban and short-distance transportation scenarios in China have better cost effectiveness in terms of TCO (Total Cost of Ownership).

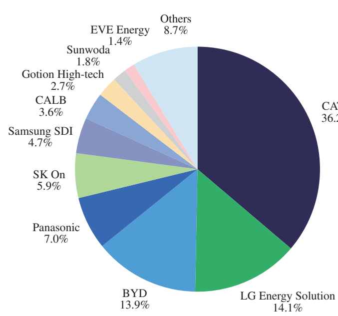
Gradual Increase in Battery Energy Capacity per Vehicle: According to the GGII Report, for passenger vehicles in 2024, the global average battery energy capacity per vehicle for BEV and PHEV was 62 kWh and 25 kWh, respectively, and is expected to reach 68 kWh and 32 kWh in 2030, respectively. In 2024, the global average battery energy capacity per vehicle for E-Bus, E-LCV and E-Truck was 224 kWh, 56 kWh, and 340 kWh, respectively, which are expected to increase to 247 kWh, 66 kWh, and 383 kWh in 2030, respectively. The increase in the battery energy capacity per vehicle has contributed to the growth in EV battery shipments.

Emerging Application Scenarios: With technological advancement and innovation, EV batteries have seen continuous improvements in energy density, life cycle, charge-discharge rate, safety and reliability. Their applications have gradually expanded to emerging fields such as machinery, vessels and aircraft, further driving demand in the EV battery market.

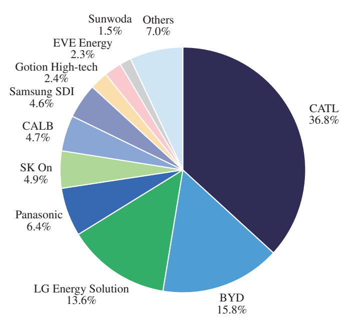
Competitive Landscape of EV Battery Market

Major players in the global EV battery market include companies from China, South Korea, Japan, among others, with a relatively high market concentration due to significant barriers to entry. Based on EV battery usage volume from January to November 2024, the top five and top ten EV battery companies accounted for 74.6% and 89.3% of the global market, respectively. Leading companies dominate the industry, leveraging their technological innovation, strengths in scale and capital resources, customer relationships and supply chain management capabilities.

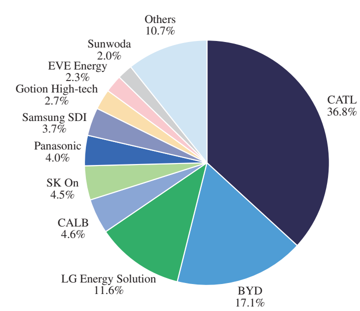
Global EV Battery Market Share in 2022



Global EV Battery Market Share in 2023



Global EV Battery Market Share from January to November, 2024



Source: GGII Report, SNE Research

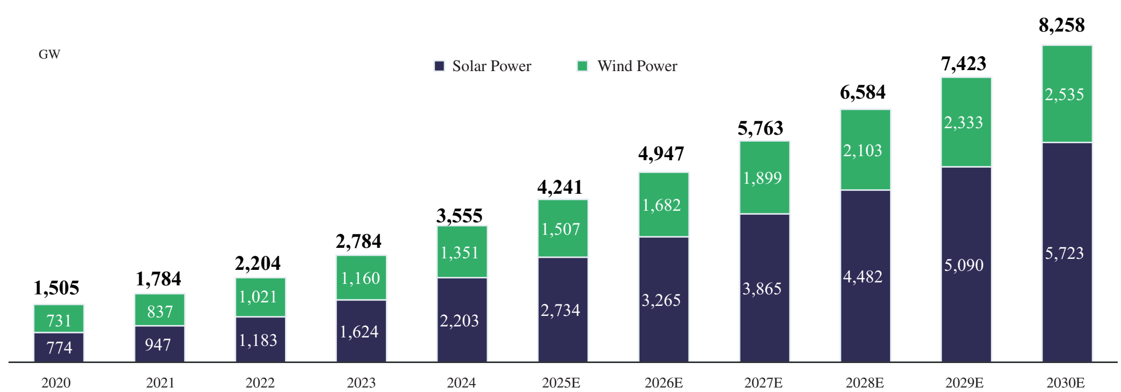
OVERVIEW OF THE ESS BATTERY INDUSTRY

Electrochemical energy storage, exemplified by lithium-ion batteries, enables the storage, conversion, and utilization of electrical energy, with a vital role in stabilizing power output, peak-shaving and valley-filling, as well as regulation of system frequency. ESS batteries can be used for FTM energy storage and BTM energy storage based on their application scenarios. FTM energy storage offers a wide array of services for the power system, including balancing power supply and demand, maintaining grid stability, ensuring sufficient power generation capacity, and alleviating grid congestion. BTM energy storage encompasses various applications, including industrial and commercial energy storage, data center energy storage, residential energy storage, and telecommunications energy storage, primarily serving functions including energy management and emergency backup power. Additionally, advancements in energy storage technology and integrated applications have led to the development of innovative power system applications such as microgrids and virtual power plants.

The energy storage sector is still in the early stage of development. It receives guidance and support from various countries worldwide through top-level policy planning, improvements in electricity market, and the establishment of incentive mechanisms. By advancing and optimizing various market mechanisms, including the electricity spot market, medium and long-term market, ancillary service market and capacity market, the energy storage industry anticipates more diversified profitability models from multiple revenue sources. In recent years, along with the low-carbon transition and continuously increasing penetration of renewable energy of the power industry, regions like China and Europe have seen a general rise in peak-valley price difference, with possibility of further widening in the future. This trend expands the potential for energy storage in peak-shaving and valley-filling and price arbitrage, as the business model of energy storage gradually mature. Furthermore, with the robust development of intelligent application, computing power and electricity demands of data centers have increased significantly. Guided by the carbon reduction goals of technology companies and data center operators, renewable energy paired with ESS has become an effective solution to meet data centers' substantial urgent new electricity demands, ensuring a stable, low-carbon energy supply for their operations.

Overview of the Global Renewable Energy Market (Wind and Solar Power)

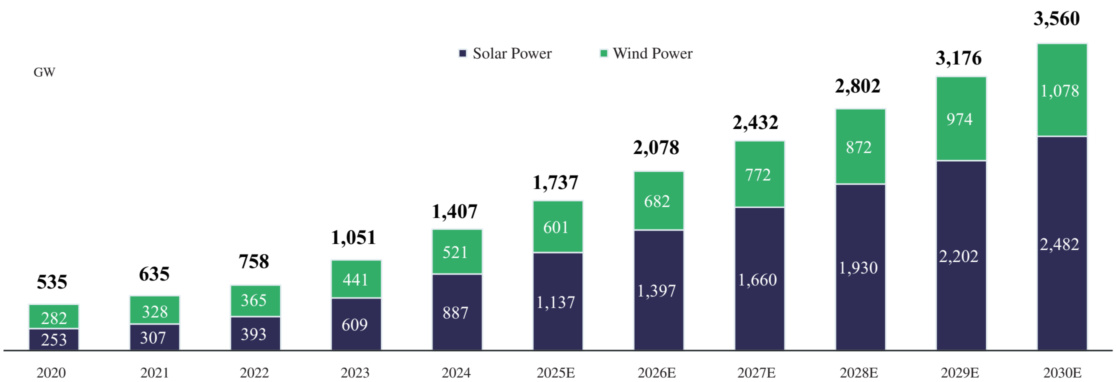
Global Cumulative Installed Capacity of Wind and Solar Power



Source: GGII Report

Global cumulative installed capacity of wind and solar power grew from 1,505 GW in 2020 to 3,555 GW in 2024 with a CAGR of 24.0%, and is expected to reach 8,258 GW in 2030, with a CAGR of 15.1% from 2024 to 2030. Wind and solar power is estimated to account for 2.5 TW and 5.7 TW of the global cumulative installed power capacity in 2030, representing 16% and 36% of the total, respectively.

Cumulative Installed Capacity of Wind and Solar Power in China



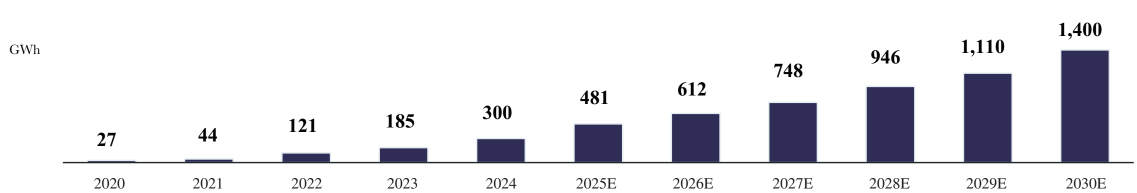
Source: GGII Report

The cumulative installed capacity of wind and solar power in China reached 1,407 GW in 2024, accounting for 40% of the global cumulative installed power capacity, with a CAGR of 27.4% from 2020 to 2024. It is expected to further increase to 3,560 GW in 2030 with a CAGR of 16.7% from 2024 to 2030. Wind and solar power is estimated to account for 1.1 TW and 2.5 TW of China's cumulative installed power capacity in 2030, accounting for 18% and 42% of the total, respectively.

Overview of the Global ESS Battery Market

ESS Battery Shipments by Region

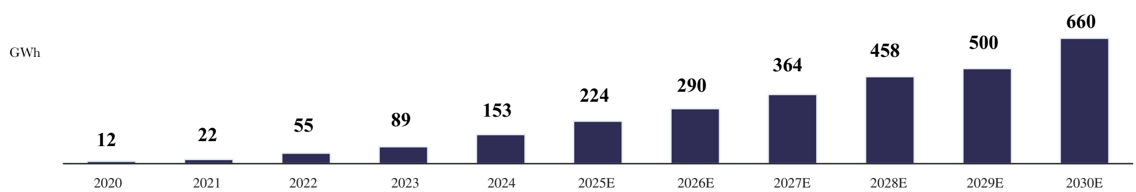
Global ESS Battery Shipments



Source: GGII Report

The global ESS battery shipments grew from 27 GWh in 2020 to 300 GWh in 2024 with a CAGR of 82.5%, and are expected to increase to 1,400 GWh in 2030, with a CAGR of 29.3% from 2024 to 2030.

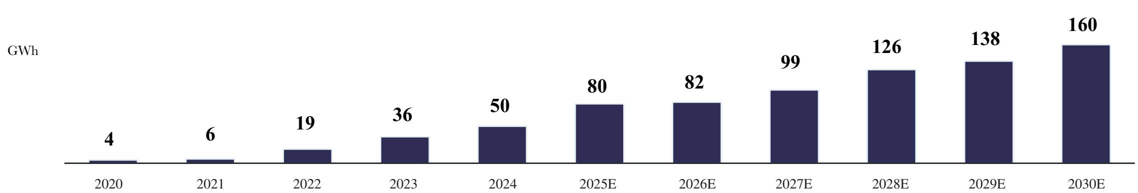
ESS Battery Shipments in China



Source: GGII Report

China's ESS battery market has experienced robust growth in recent years. The ESS battery shipments in China grew from 12 GWh in 2020 to 153 GWh in 2024, with a CAGR of 87.4%, and are expected to increase to 660 GWh in 2030, with a CAGR of 27.6% from 2024 to 2030.

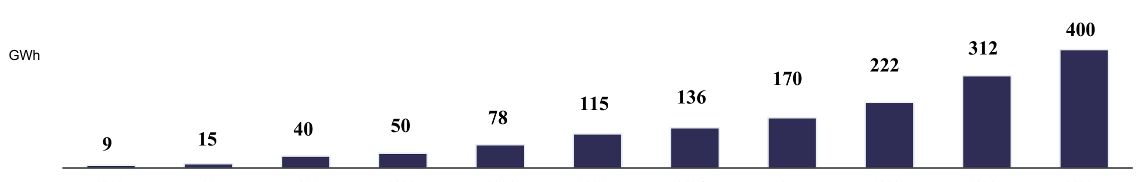
ESS Battery Shipments in Europe



Source: GGII Report

ESS battery shipments in Europe are expected to increase from 50 GWh in 2024 to 160 GWh in 2030, with a CAGR of 21.5%.

ESS Battery Shipments in the United States

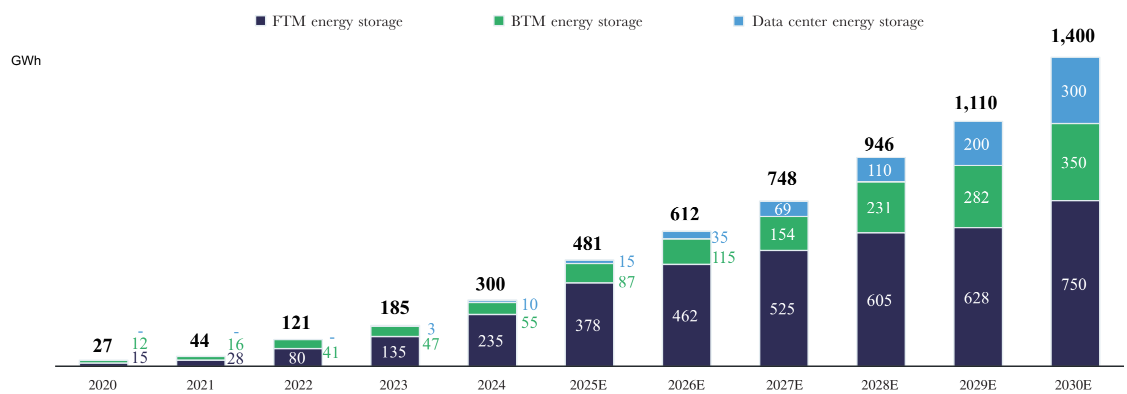


Source: GGII Report

In the United States, ESS battery shipments are expected to increase from 78 GWh in 2024 to 400 GWh in 2030, with a CAGR of 31.2%.

ESS Battery Shipments by Application

Global ESS Battery Shipments by Application



Source: GGII Report

Note: BTM energy storage mainly includes industrial and commercial energy storage, and residential energy storage

In 2024, FTM energy storage accounted for over 75% of global ESS battery shipments. The shipments of FTM energy storage batteries grew from 15 GWh in 2020 to 235 GWh in 2024, with a CAGR of 99.0%, and are expected to increase to 750 GWh in 2030, with a CAGR of 21.3% from 2024 to 2030.

The shipments of BTM ESS batteries grew from 12 GWh in 2020 to 55 GWh in 2024, with a CAGR of 45.8%, and are expected to increase to 350 GWh in 2030, with a CAGR of 36.2% from 2024 to 2030. In the coming years, the shipments of ESS batteries in data centers are expected to increase from 10 GWh in 2024 to approximately 300 GWh in 2030, with a CAGR of 76.3%.

Drivers for the ESS Battery Market

Global Electricity Demand Growth: The global demand for electricity continues to rise, driven by global economic development, population growth, and accelerating electrification. According to the GGII Report, global electricity demand reached approximately 30,000 TWh in 2024, and is expected to increase with a CAGR of 4.5% from 2024 to 2030.

Policy Support: Many countries have introduced policies to guide and support the development of renewable energy and energy storage industries. In China, government authorities including the NDRC and the NEA have issued multiple policy initiatives, such as the 14th Five-Year Plan for Renewable Energy Development (《「十四五」可再生能源發展規劃》) and the Notice on Promoting the Grid Integration and Dispatch of New Types of Energy Storage (《關於促進新型儲能並網與調度運用的通知》). The EU published the REPowerEU plan in 2022, and established a target to increase the share of renewable energy in the power mix to 42.5% by 2030, with the aspiration to reach 45%. This plan emphasizes the critical role of energy storage in facilitating the EU's energy transition and climate goal. Under this framework, a series of incentive programs for renewable energy and energy storage have been introduced.

Development of Renewable Energy: According to the GGII Report, the share of renewable power generation in the global power mix has been steadily increasing. Wind and solar power's share increased from 9% in 2020 to 17% in 2024, and is expected to reach approximately 30% in 2030. Energy storage, serving as a flexible grid-balancing resource in power systems, has become increasingly critical for renewable energy integration, power supply-demand balancing, and grid stability, which drives rigid demand for storage growth.

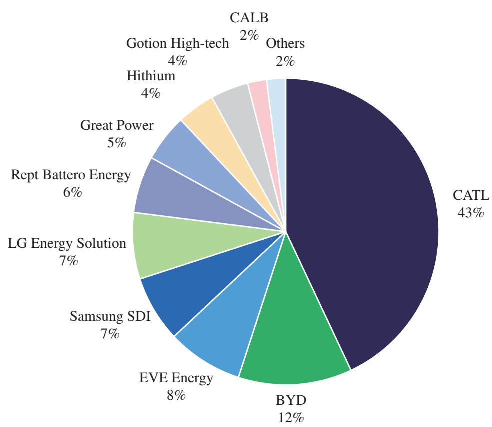
Demand from Data Centers: The rapid advancement of applications of intelligent technologies is driving a significant increase in the demand for computing power and electricity consumption of data centers. According to the GGII Report, global data center electricity consumption is expected to reach approximately 1,700 TWh in 2030. Many leading technology companies and data center operators have established and implemented definitive carbon reduction targets. Renewable energy equipped with ESS batteries has become an effective solution that can be rapidly deployed to provide clean energy for data centers to meet their substantial new electricity demands, making it a key driver for the energy storage market growth.

Improved Cost Effectiveness: The costs of ESS have declined significantly in recent years, driven by technology advancement, supply chain maturity, and economies of scale, enhancing the cost effectiveness of energy storage applications, thus contributing to the rapid growth in demand for ESS batteries.

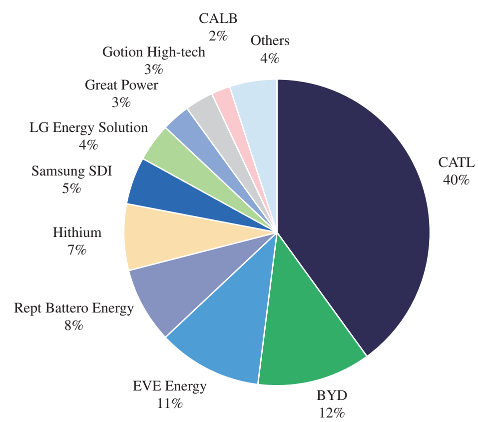
Competitive Landscape of ESS Battery Market

The competitive landscape of the global ESS battery market is similar to that of the EV battery industry, with relatively concentrated market share. In terms of shipment volume, in 2023, the top five and top ten energy storage battery manufacturers accounted for 78% and 95% of the global market, respectively. There is notable overlap between the global top ten companies in EV batteries and ESS batteries.

Global ESS Battery Market Share in 2022



Global ESS Battery Market Share in 2023



Source: GGII Report, SNE Research

OVERVIEW OF BATTERY RECYCLING INDUSTRY

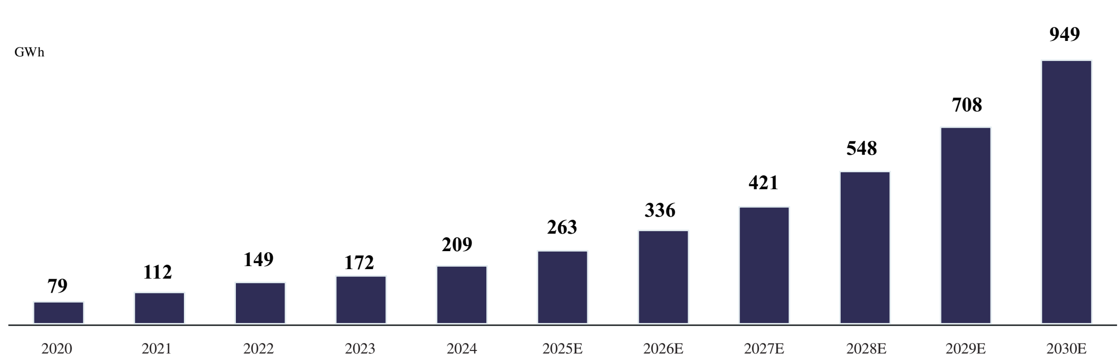
As more lithium-ion batteries reach the end of their life cycle, the demand for effective battery recycling solutions is growing. Battery recycling is particularly crucial as these batteries contain heavy metals and hazardous substances that, if not properly recycled, could pose significant environmental risks. Lithium-ion battery recycling involves recovering and processing valuable metals such as nickel, cobalt, manganese and lithium, along with other materials from retired batteries, enabling the closed-loop utilization of critical resources required for battery manufacturing. Moreover, battery recycling helps reduce the overall life cycle carbon footprint of lithium-ion batteries compared to using raw mineral materials. The battery industry needs to build a closed-loop industrial ecosystem of battery production, usage, cascade utilization and recycling to achieve sustainable development of resources.

The lithium-ion battery recycling process primarily consists of discharging the batteries, followed by dismantling and crushing, and then separating different materials. These extracted materials are further processed using various technologies, including pyrometallurgical and hydrometallurgical methods. Continuous advancements in lithium-ion battery recycling technologies have significantly improved recovery rates and cost effectiveness, reducing reliance on raw mineral materials and mitigating the constraints caused by regional scarcity of resources.

The lithium-ion battery recycling industry remains in its early stages of development, with countries worldwide implementing policies and regulations to support market growth and establish industry standards. Governments are strengthening industry oversight by imposing strict entry requirements on recycling companies, particularly regarding safety and environmental compliance. For example, China has introduced a series of policy initiatives aimed at building a comprehensive, efficient, and standardized waste recycling system, advancing the R&D and application of recycling technology, and improving traceability management. Key regulations include the Guidelines on Accelerating the Construction of Waste Recycling Systems (《關於加快構建廢棄物循環利用體系的意見》) and the Industry Standards for Comprehensive Utilization of Used Power Batteries from New Energy Vehicles (《新能源汽車廢舊動力電池綜合利用行業規範條件》). They require recycling companies to meet specific standards in areas such as site selection, equipment and processes, resource utilization and energy efficiency, and environmental protection. The EU Battery Regulation established specific targets for EV battery recycling, outlining clear requirements for overall battery recovery rates, material recovery rates, and the minimum proportion of recycled content. Starting from 2025, all collected waste batteries must be recycled, with high recovery rates, particularly for critical materials such as cobalt, lithium, and nickel. Furthermore, the regulation specifies that EV batteries must contain a certain proportion of recycled materials – for example, the proportion of recycled lithium must reach 6% by 2031 and 12% by 2036.

The battery recycling market continues to attract diverse participants, including traditional scrap and waste recycling companies, battery manufacturers, battery materials companies and mining companies. These industry participants are establishing recycling service networks through independent initiatives and collaborative partnerships, gradually forming a structured and comprehensive battery collection and recycling ecosystem. The global battery recycling market is expected to continue expanding, with its total market size projected to reach 949 GWh by 2030.

Global Battery Recycling Market Size



Source: *GGII Report*

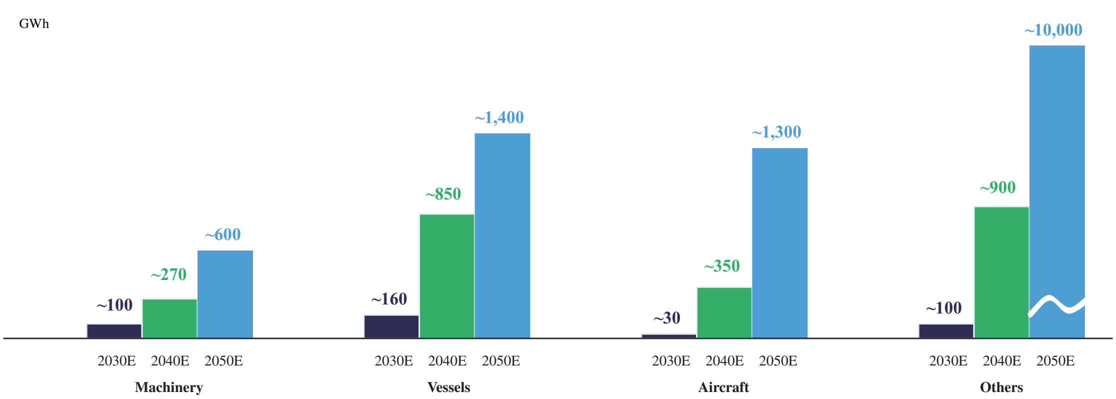
Note: Including retired batteries, as well as waste materials generated from battery and materials production

EMERGING APPLICATIONS

The application of lithium-ion batteries in NEV and energy storage sectors are becoming increasingly mature. Continuous technological innovations have enabled the use of lithium-ion batteries in more diverse scenarios, thereby accelerating electrification across all sectors of the society. Next-generation EV batteries are driving the electrification of machinery, vessels and aircraft, further reducing carbon emissions. Moreover, with the introduction and wide adoption of emerging technologies, the demand for EV batteries in intelligence-driven application is expected to be immense.

Based on these four major applications, market demand for lithium-ion batteries in emerging fields is expected to surge beyond 13 TWh by 2050.

Battery Shipments in Emerging Applications



Source: GGII Report

INDUSTRY OUTLOOK

The wide adoption of EV batteries and ESS batteries has gradually fostered the development of an industrial ecosystem, creating demands for related services, such as the construction and management of battery charging and swapping stations, the operation and maintenance of energy storage facilities, energy internet platforms, and intelligent energy management systems. The industry is evolving from simply offering products to providing services, then to delivering comprehensive solutions, and ultimately achieving deep integration. This progression enables the intelligent interconnection, dispatch and management of green energy, establishes a safe, efficient, flexible and intelligent new energy system, and contributes to the wide adoption of zero-carbon solutions and the realization of a zero-carbon society. According to the GGII Report, between 2020 and 2050, the total investments required to achieve net-zero targets is expected to exceed US$275 trillion globally.

KEY ENTRY BARRIERS FOR THE LITHIUM-ION BATTERY INDUSTRY

Technology: Lithium-ion batteries are essential components in low-carbon and clean energy transition. The development and large-scale production of lithium-ion batteries that combine high safety, high performance, superior quality, and low cost face exceptionally high entry barriers. Battery technology requires a profound understanding and comprehensive application of electrochemistry, thermodynamics, and molecular dynamics, spanning multiple principles and fundamental theories across micro-, meso-, and macro-scales. The R&D and manufacturing of high-quality batteries encompass materials, product design, processes, engineering design, testing and analysis, and intelligent manufacturing, each of which demands an extremely high level of technical precision. These technologies must not only be validated in laboratory environments but also undergo long-term refinement and optimization in real-world production and application scenarios.

Scale and Capital: The battery industry exhibits characteristics of being technology-intensive, capital-intensive, and labor-intensive simultaneously. Its highly complex technologies rely on cutting-edge innovations in materials and processes, necessitating substantial R&D investments and cross-disciplinary technical expertise. Moreover, the industry demands sustained and large-scale capital investments, from experimental research and development to mass production, as well as the construction, maintenance, and continuous upgrading of large-scale production lines to ensure product quality. Additionally, battery assembly, quality inspection, and post-production maintenance still rely heavily on manual operations and precision management. Only battery companies that possess all three competitive advantages — technological strength, financial resources, and labor expertise — can establish a sustainable competitive edge in the industry.

Customer Relationship: Customers require a long period to accurately assess the performance and quality of battery products, leading them to be highly cautious when selecting new battery suppliers. For example, EV batteries are core components of NEV, accounting for 30% to 60% of total vehicle costs. Given the lengthy development cycle of new vehicle models, battery manufacturers must engage in long-term joint development with automakers and undergo multiple rounds of validation before securing nomination. Considering the sales cycle of vehicle models, automakers are reluctant to change the suppliers for core components such as batteries. As a result, customers tend to choose battery suppliers with strong technological capabilities, stable partnerships, and large-scale delivery capacity to ensure reliability and continuity.

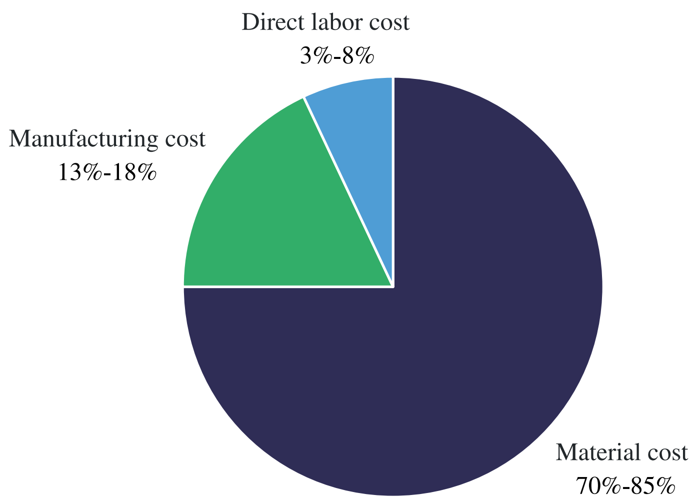
Supply Chain Management: The cost of materials accounts for a significant proportion of the total cost of EV and ESS batteries, and price fluctuations in certain materials can have a substantial impact on overall battery costs. Material supply directly influences production planning for battery manufacturers, while material quality affects both manufacturing consistency and product delivery to customers. As a result, securing low-cost, stable, and high-quality materials is one of the key competitive advantages for battery companies. Battery manufacturers that establish deep collaboration with upstream material suppliers — ensuring both technological compatibility and a stable supply chain — can effectively control costs, drive technological innovation, and maintain strong market competitiveness.

ANALYSIS OF LITHIUM-ION BATTERY PRICE AND COSTS

Major Cost Components

Lithium-ion battery cells mainly consist of cathode, anode, separator, and electrolyte. In the cost structure of lithium-ion cells, material costs account for approximately 70% to 85% of the total cell cost, with cathode materials constituting the largest cost component.

Cost Structure of Lithium-ion Batteries in 2024



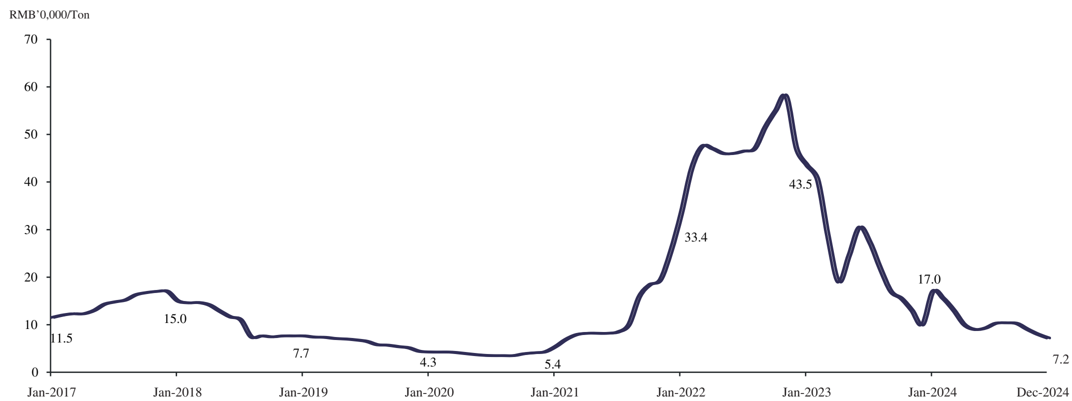
Source: GGII Report

Price Analysis of Key Raw Materials

The price of lithium carbonate, a key raw material influencing lithium-ion battery cathode price, responds sharply to industry supply-demand fluctuations. Both new production and capacity expansion of lithium carbonate, involves multiple stages, including extraction, beneficiation, and refining, which requires a prolonged processing period, typically taking two to three years. Since 2020, the rapid expansion in NEV and energy storage market demand coupled with limited incremental supply of lithium carbonate, has resulted in a supply shortage and a sharp price surge. Price of lithium carbonate reached a peak of over RMB600,000 per ton in the fourth quarter of 2022. As supply gradually increased, price began to decline. By December 2024, lithium carbonate price has drop to RMB72,000 per ton.

The following chart sets forth the trend of average lithium carbonate prices:

Global Monthly Average Price for Lithium Carbonate (VAT Included)



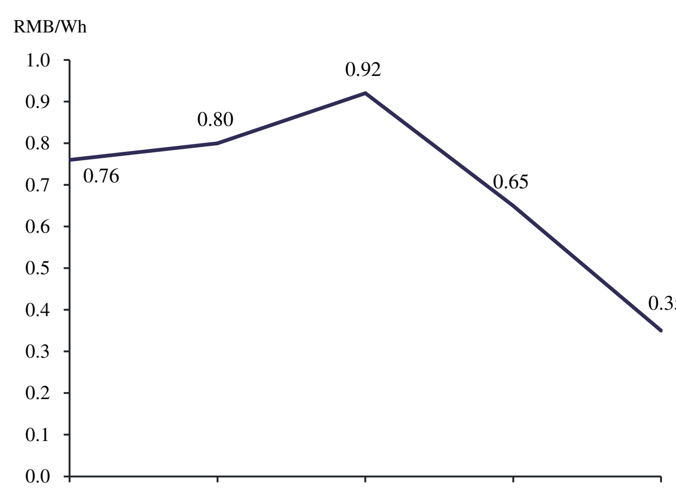
Source: GGII Report

Cost Analysis

Due to technological advances and economies of scale, lithium-ion battery cell costs have shown a downward trend. In 2021 and 2022, as lithium carbonate price rapidly increased, battery cell costs rose accordingly. Subsequently, as lithium carbonate price fell, lithium-ion battery cell costs gradually decreased throughout 2023 and 2024.

The following chart sets forth the trend of average battery cell costs in the global market:

Global Average Battery Cell Costs (VAT Included)



Source: GGII Report

DATA SOURCES AND RESEARCH METHODOLOGY

The information and statistics set out in this section and other sections of this document are derived from various official government publications, publicly available market research, and other information sourced from independent providers. In addition, we have engaged GGII to prepare the GGII Report in connection with the [**REDACTED**]. The information provided by GGII and disclosed in this document is extracted from the GGII Report, which was commissioned by us for a fee of RMB550,000. The GGII Report is independently prepared by GGII and is not subject to any influence from us or other interested parties.

Established in 2017, GGII's predecessor was a business unit under Shenzhen Gaogong Consulting Co., Ltd. GGII has been focusing on market research and consulting for emerging industries such as lithium-ion batteries, sodium-ion batteries, solid-state batteries, new energy storage, hydrogen energy and hydrogen fuel cells for more than 10 years. GGII publishes annual market research and analysis reports on lithium mines and lithium carbonate, cathode materials (including precursors), anode materials, electrolytes, diaphragms, electrolytic copper foil, lithium-ion battery recycling, EV batteries, ESS batteries, solid-state batteries, sodium-ion batteries, flow batteries, NEV, light vehicles, engineering machinery, track vehicles, hydrogen fuel cells, hydrogen energy and other industrial chains and various segments.

In preparing the GGII Report, data was primarily sourced from two categories: data obtained by GGII through market research, cross-validation and prediction based on certain assumptions; as well as reference and citation of official websites of global government agencies, public company reports (including prospectuses, transfer instructions, annual reports, semi-annual reports, inquiry reports), and public reports issued by or authorized by other third-party institutions. Due to the research methods and data effectiveness, there may be discrepancies between the data collected by GGII and other third-party sources and the actual industry data.

The GGII Report was compiled based on the following assumptions: (i) Chinese and global economy will experience stable growth from 2025 to 2030, without the impact of financial crises, wars, epidemics, earthquakes or other force majeure factors; (ii) the global economic order will develop steadily, with no major disruptions caused by significant geopolitical events that could materially impact tariffs, imports, or exports; and (iii) major countries and regions worldwide will not introduce substantial adverse adjustments to policies, requirements, or standards related to carbon neutrality initiatives.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB4,403,466,458, comprising 4,403,466,458 A Shares of nominal value of RMB1.00 each, all of which are listed on the ChiNext of the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Approximate % of total issued share capital of our Company
A Shares	4,403,466,458	100.0%

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**], assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	4,403,466,458	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.0%**

Immediately following the completion of the [**REDACTED**], assuming (i) the [**REDACTED**] is fully exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	4,403,466,458	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.0%**

OUR SHARES

Our H Shares in issue upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas [**REDACTED**] pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] or [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] and qualified domestic institutional [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] and [**REDACTED**] by mainland Chinese [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares or other forms. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed on the stock exchanges in mainland China and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that holders of our A Shares may convert the A Shares held by them into H Shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the Shareholders' general meeting of our Company held on January 17, 2025 and is subject to the following major conditions:

(i) *Size of the* [**REDACTED**]. The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**] of the total issued share capital enlarged by the H Shares to be issued pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be issued pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**] of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) *Method of* [**REDACTED**]. The method of [**REDACTED**] shall be by way of an [**REDACTED**] to institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) *Target* [**REDACTED**]. The H Shares shall be [**REDACTED**] to overseas institutional [**REDACTED**], corporations and individual [**REDACTED**], as well as qualified domestic institutional [**REDACTED**] and other [**REDACTED**] who fulfill the relevant laws and regulations.

(iv) [**REDACTED**] *basis.* The [**REDACTED**] of the H Shares will be determined by the Board and its authorized person with the authorization of the Shareholders' general meetings, together with the [**REDACTED**], after full consideration of the interests of existing Shareholders and the conditions of domestic and international capital markets conditions with reference to the international practices and through demands for orders and book-building process using a market-oriented pricing method.

(v) *Validity period.* The [**REDACTED**] and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date on which such matters were approved at the Shareholders' meeting held on January 17, 2025.

There are no other approved [**REDACTED**] plans for our Shares except the [**REDACTED**].

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our Shareholders' general meeting is required, see "Appendix V — Summary of the Articles of Association — Shareholders and Shareholders' Meetings" to this document.

The major PRC laws, regulations, normative documents and regulatory policies which have impact on our business operations are set out below:

INDUSTRIAL POLICIES AND REGULATORY PROVISIONS

According to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) promulgated by the NPC on March 12, 2021 and came into effect on the same day, China will focus on new energy, new energy vehicles, environmental protection and other emerging industries of strategic importance, and accelerate the innovation and application of core technologies in key fields to enhance the country's capacity of ensuring the supply of productive factors and foster new drivers for industrial development thereafter.

According to Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which was promulgated by the Central Committee of the Communist Party of China and the State Council on September 22, 2021 and came into effect on the same day, China will accelerate the development of strategic emerging industries in areas such as new energy, new materials, new energy vehicles, and environmental protection. It will carry out initiatives to substitute renewable energy for fossil fuels, vigorously develop wind, solar, biomass, marine and geothermal energy among others, and continuously increase the proportion of non-fossil in total energy consumption. Faster moves must be made to scale up the use of pumped storage hydro power and other new forms of energy storage, accelerate the development of new energy and clean energy vehicles and ships, promote intelligent transportation and accelerate the construction of a convenient, efficient network of battery charging and swapping facilities.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) promulgated by the State Council on October 24, 2021 and came into effect on the same day, it is proposed to actively develop the "new energy + energy storage" model, promote coordination of power source-grid-load-storage, use multiple energy sources to supplement each other, and support the deployment of appropriate ESS for distributed new energy sources. It also proposed to speed up the demonstration and application of new types of energy storage.

According to the Implementation Plan on Accelerating the Comprehensive Utilization of Industrial Resources (《關於加快推動工業資源綜合利用的實施方案》) promulgated by eight departments including the Ministry of Finance, the NDRC, the MIIT on January 27, 2022, which took effect on the same day, the management system will be improved so as to strengthen the traceability management of full life cycle of EV batteries for new energy vehicles, while promoting cooperation between upstream and downstream enterprises in the industrial chain to jointly build recycling channels, creating a cross-regional recycling and utilization system, and advancing the safe cascade utilization of waste EV batteries in fields such as backup power and charging and swapping.

According to the 14th Five-Year Plan for Modern Energy System (《"十四五"現代能源體系規劃》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and came into effect on the same day, China will establish and improve the construction standards for electrochemical energy storage and hydrogen energy and accelerate the large-scale application of new energy storage technologies. It will vigorously promote the development of energy storage on the power supply side, ensure reasonable configuration of storage capacity, improve the output characteristics of new energy stations, support the distributed ESS for rational allocation of new energy sources, and optimize the layout of grid-side energy storage, in an effort to leverage its multiple roles in integrating new energy, peak shaving and valley filling, enhancing grid stability and emergency power supply. It will also support the diversified development of user side energy storage, improve power supply reliability for users and encourage the participation of user side energy storage such as electric vehicles and uninterruptible power supplies in peak shaving and frequency regulation. It will conduct focused research and development on key technologies for new energy storage to accelerate the core technology autonomy and promote continuous cost reductions and large-scale applications of energy storage technologies, thereby perfecting technical standards and management systems for energy storage and enhancing the level of safe operation.

According to the 14th Five-Year New Energy Storage Development Plan (《"十四五"新型儲能發展實施方案》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and came into effect on the same day, by 2030, new energy storage will be developed on a fully market-oriented basis and will be deeply integrated with various segments of the power system, basically meeting the requirements for building a new type of power system and fully supporting the achievement of carbon peak goals in the energy sector as planned.

According to the 14th Five-Year Renewable Energy Development Plan (《"十四五"可再生能源發展規劃》) jointly promulgated by nine departments including the NDRC, the NEA on June 1, 2022 and became effective on the same day, China will redouble efforts to make breakthroughs in frontier and core technologies for renewable energy and equipment, develop high-energy-density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid Lithium-Ion batteries, metal-air batteries and lithium-sulfur batteries, establish the independent market status of new energy storage and improve the trading mechanisms and technical standards for energy storage to participate in various power markets, thereby leveraging the multiple functions of energy storage in peak shaving and frequency regulation, emergency backup and capacity support, among others, as well as promoting the multi-scene application of energy storage on the power supply side, power grid side and user side.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》), which was promulgated by six departments including the MIIT and the NEA on January 3, 2023 and came into effect on the same day, China will strengthen technical research on the industrialization of new ESS batteries, promote advanced energy storage technologies and products large-scale application, research and make breakthroughs in key technologies such as battery systems with ultra-long life cycle and high safety, efficient energy storage with large scale and capacity, and vehicle mobile energy storage, accelerate the research and development of solid-state batteries, sodium-ion batteries, hydrogen energy storage/fuel cells and other new types of batteries. It will also improve the ability to guarantee key resources such as lithium, nickel, cobalt and platinum, strengthen the development and application of alternative materials, promote hybrid ESS based on complementary power and energy-based electrochemical energy storage technologies, support the establishment of a full-life cycle traceability management platform for lithium batteries, conduct research on the accounting standards and methods for carbon footprint of batteries, and explore the establishment of a carbon emission management system for battery products.

According to the Implementation Opinions on Strengthening the Integration and Interaction between New Energy Vehicles and the Power Grid (《關於加強新能源汽車與電網融合互動的實施意見》), which was promulgated by 4 departments including the NDRC, the NEA and the MITT on December 13, 2023 and came into effect on the same day, it will step up efforts in tackling key technical problems of power batteries. On the basis of no significant increase in cost, it will increase the life cycle of power batteries to 3,000 times or more, and develop battery safety control technologies under the condition of high-frequency charging and discharging.

According to the Guiding Catalog for Industrial Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which was last amended by the NDRC on December 27, 2023 and came into effect on February 1, 2024, new lithium primary batteries (lithium iron disulfide and lithium thionyl chloride, among others); Lithium-Ion batteries, semi and solid-state lithium-ion batteries, fuel cells, sodium-ion batteries, flow batteries, new-structure (bipolar, lead mesh horizontal, coiled, tubular, and other) sealed lead-acid batteries, lead-carbon batteries, next-generation hydrogen fuel cells, electrochemical energy storage and other new batteries and new-type power system technologies fall into the state-encouraged industries.

According to the Implementation Plan for the Building of the Carbon Footprint Management System (《關於建立碳足跡管理體系的實施方案》), which was promulgated by 15 departments including the Ministry of Ecology and Environment of PRC, the NDRC and the MITT on May 22, 2024 and came into effect on the same day, it will focus on key products such as power generation, lithium-ion batteries, new energy vehicles, photovoltaics, and electronics and electrical appliances to formulate and publish accounting rules and standards. It will strive to promote the formulation of international carbon footprint standards for product in the fields of lithium-ion batteries, photovoltaics, new energy vehicles, and electronic and electrical appliances.

According to the Opinions on Accelerating Comprehensive Transition Towards Green Economic and Social Development (《中共中央國務院關於加快經濟社會發展全面綠色轉型的意見》) jointly promulgated by the Central Committee of the Communist Party of China and the State Council on July 31, 2024 and came into effect on the same day, China will boost the development of non-fossil energy and the proportion of non-fossil energy in energy consumption will rise to about 25% by 2030. The use of low-carbon transportation vehicles is encouraged. Great efforts will be made to promote new energy vehicles, driving the electrification of urban public service vehicles. It will promote the use of clean power in ships, aircraft, and non-road mobile machinery, accelerate the phase-out of outdated transportation vehicles, advance zero-emission freight transport, strengthen the research, development and application of sustainable aviation fuels and encourage the research, production and application of net-zero emission marine fuels. By 2030, carbon emission intensity of commercial vehicles measured on the basis of converted turnover will be cut by about 9.5% compared with 2020. By 2035, new energy vehicles will become the mainstream in the sales of new vehicles.

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

Production Safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) or the Production Safety Law, which was last amended by the Standing Committee of the National People's Congress ("SCNPC") on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. The person in charge of a production and operation entity shall be fully responsible for the production safety of the entity. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and criminal liability will be pursued if the violation constitutes a crime. In addition, according to the Mine Safety Law of the PRC, which was amended by the SCNPC on August 27, 2009 and came into effect on the same day, mining enterprises must have facilities to ensure production safety, establish and improve safety management systems, and take effective measures to improve working conditions of employees, strengthen mine safety management, and ensure safe production. Among them, the safety facilities of mine construction projects must be designed, constructed, put into production and use simultaneously with the main project; the conditions for safe production must be met in mining operations, and mine safety regulations and industry specifications for mining different types of minerals must be in place; mining enterprises must establish and improve the responsibility system for safety production.

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) or the Environmental Protection Law, which was last amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection competent administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not been carried out or have not passed the acceptance inspection shall not be put into production or use.

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) (the "Law of Solid Wastes"), which was last amended on April 29, 2020 by the SCNPC and came into effect on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management. In addition, the Law of Solid Wastes also, for the first time, incorporated into the law the establishment of an extended producer responsibility system for products such as vehicle EV batteries, and clearly stipulated that producers of EV battery products for vehicles should establish a recycling system for used products that matches the sales volume of their products in accordance with the regulations, either by building it themselves or engaging a contractor, making important arrangements for the establishment of a recycling and disposal system for waste vehicle EV batteries from the top-level design.

According to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), which was last amended on June 27, 2017 by the SCNPC and came into effective on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Furthermore, environmental impact assessment must be carried out in accordance with the law for newly-formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC on October 26, 2018 and took effect on the same day, enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalogue published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and keep the original monitoring records. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalogue, as well as other units that implement administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit. In addition, enterprises, institutions and other production and operation units constructing projects that have an impact on the atmospheric environment shall carry out environmental impact assessment and make environmental impact assessment documents public in accordance with the law; the units that emit pollutants into the atmosphere must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

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

Fire Safety

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

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

Energy Conservation Review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council jointly with other relevant State Council departments.

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

LAWS AND REGULATIONS ON PRODUCT QUALITY

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

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF GOODS

According to the Customs Law of the PRC (《中華人民共和國海關法》) last amended by the SCNPC on April 29, 2021 and came into effect on the same day, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and combats smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises recorded with the Customs. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

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

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification and in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators.

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

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

Labor Law and Labor Contracts Law

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

Social Insurance and Housing Provident Fund

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

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

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

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

Trademark

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

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) last amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

Domain Names

According to the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain names registrations are handled through domain name service agencies established according to the relevant regulations, and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON TAXES

EIT

The EIT Law and its implementation rules are the principal laws and regulations governing the EIT in the mainland China. According to the EIT Law and its implementation rules, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is established in the mainland China in accordance with the law, or that is established in accordance with the law of a foreign country (region) but whose actual administration institution is in the mainland China. A non-resident enterprise refers to an enterprise established in accordance with the law of a foreign country (region) and whose actual administration institution is outside the mainland China, but it has institutions or establishments in the mainland China or, if not, it has incomes originating from the mainland China. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or establishments in the mainland China to the extent that such incomes are derived from the mainland China, or such incomes are obtained outside the mainland China but have an actual connection with the set-up institutions or establishments, high-tech enterprises in need of support from the State shall be subject to a reduced enterprise income tax rate of 15%. Non-resident enterprises that have not set up institutions or establishments in the mainland China or have set up institutions or establishments but the income obtained by the said enterprises have no actual connection with the set-up institutions or establishments, shall pay enterprise income tax at the rate of 10% in relation to their income sourcing from the mainland China.

VAT

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

Pursuant to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the SAT on April 4, 2018, and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

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

Company Law

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

Foreign Investment

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

The current industry entry clearance requirements governing investment activities in the PRC conducted by foreign investors are set out in two catalogues, namely the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which was jointly promulgated by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024, and the Encouraged Industry Catalogue for Foreign Investment (2022 version) (《鼓勵

外商投資產業目錄(2022年版)》), which was jointly promulgated by the NDRC and the MOFCOM on October 26, 2022 and came into effect on January 1, 2023. These two catalogues further classified businesses into three categories with regard to foreign investment: "encouraged," "restricted" and "prohibited." Industries not listed in these three categories are generally deemed as falling into the fourth category, that is "permitted" for foreign investment unless specifically restricted by other PRC laws and regulations. Pursuant to the Encouraged Industry Catalogue for Foreign Investment (2022 version), the manufacturing of EV batteries, supplemental ESS batteries and recycling of batteries involved in our operation fall within the scope of industries encouraging foreign investment.

Overseas Investment

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise, or the investor, making an outbound investment shall obtain approval or conduct record-filing for outbound investment projects, or the projects, report relevant information, and cooperate with the supervision and inspection. Sensitive projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval, specifically, including projects involving sensitive countries and regions and sensitive industries; non-sensitive projects directly carried out by investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing.

Foreign Exchange Regulation

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was last amended by the State Council on August 5, 2008 and effective on the same day. Pursuant to the regulations, transactions involving goods, services, income and current transfers in the balance of payments are regarded as current accounts, under which the foreign exchange payments shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document; domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014 and effective on the same day, a domestic company shall, within 15 business days from the date of the end of its overseas listing and issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

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

LAWS AND REGULATIONS ON ANTI-UNFAIR COMPETITION

According to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-unfair Competition Law, lastly amended by the SCNPC on April 23, 2019 and effective on the same day, operators shall comply with the principle of voluntariness, equality, impartiality, integrity and abide by laws and business ethics in market transactions. Under the Anti-unfair Competition Law, unfair competition refers to the circumstance that an operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators who violate the provisions of Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》), or the Anti-Monopoly Law, lastly amended on June 24, 2022 and effective on the same day, the Anti-Monopoly Law applies to the monopolistic practices in domestic economic activities in the PRC as well as the monopolistic practices outside the PRC which have exclusion or restriction effects on domestic market competitions. The monopolistic practices under the Anti-Monopoly Law include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. The antimonopoly law enforcement agencies designated by the State Council are responsible for enforcement of the Anti-Monopoly Law in accordance with the provisions of the Anti-Monopoly Law. The antimonopoly law enforcement agencies of the State Council may, according to the needs of their work, authorize the corresponding agencies of the people's governments of provinces, autonomous regions, and municipalities to be responsible for enforcement of the Anti-Monopoly Law. Operators who violate the provisions of the Anti-Monopoly Law may be subject to fines, confiscation of illegal gains, or cessation of illegal activities by the anti-monopoly law enforcement agencies.

REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

The Securities Law, which was last revised by the SCNPC on December 28, 2019 and took effect on March 1, 2020, has comprehensively regulated the activities of the securities market in China, including the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies, and the responsibilities of securities regulatory agencies. The Securities Law further stipulates that enterprises in China that directly or indirectly issue securities overseas or list securities overseas shall comply with the relevant provisions of the State Council. The specific measures for subscribing and trading shares of companies in China in foreign currency shall be separately prescribed by the State Council. The CSRC is a securities regulatory agency established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the legal operation of the market. At present, the issuance and trading of H shares are mainly regulated by regulations and rules promulgated by the State Council and the CSRC.

According to the Overseas Listing Trial Measures issued by the CSRC on February 17, 2023 and effective from March 31, 2023, where a domestic company issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three business days after submitting application documents for overseas securities offering and listing.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) jointly issued by the CSRC and other departments on February 24, 2023 and effective on March 31, 2023, in the overseas offering and listing activities of domestic companies, domestic companies, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic company that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing.

OVERVIEW

The founding team led by Dr. Zeng Yuqun established our Company in 2011. After years of development, our Company has grown into a globally leading innovative new energy technology company, primarily engaged in the research, development, production, and sales of EV batteries and ESS batteries. We aim to drive the transition from mobile and stationary fossil energy sources to sustainable alternatives, as well as creating integrated innovative solutions for new applications through advancements in electrification and intelligent technologies.

In June 2018, the A Shares of our Company were listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300750).

Our Vision

Rooted in Chinese civilization and embracing global culture, striving to be a world-class technology innovator, delivering superior contributions to green energy for the world, and providing a platform of pursuing spiritual and material well-being for employees.

Our Mission

Innovating for customers.

Our Core Values

Refine, enable, strive, innovate.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth our Group's key corporate and business development milestones:

Year	Milestone
2011	The founding team established our Company in Ningde City, Fujian Province.
2012	We entered into strategic partnership with BMW Group, attaining market recognition worldwide.
2015	We acquired Guangdong Brunp to penetrate the battery recycling and regeneration industry chain.
2017	We ranked No. 1 globally in terms of usage volume of EV batteries for the first time.
	We established joint venture with SAIC Motor.

Year	Milestone
2018	Our Company was listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300750).
	We established our first overseas battery manufacturing base in Thuringia, Germany.
2020	We established 21C Lab.
2021	We ranked No. 1 globally in terms of shipments of ESS batteries for the first time.
	Our Ningde plant was recognized as a member of the Global Lighthouse Network by the World Economic Forum.
2022	We invested in the construction of a battery manufacturing base in Debrecen, Hungary.
	Our Yibin plant was certified as the world's first zero-carbon battery factory and recognized as a member of the Global Lighthouse Network by the World Economic Forum.
2023	We were recognized as a Fortune 500 company by Fortune.
2024	We announced a partnership with Stellantis N.V. to invest in the construction of a battery factory in Spain.

OUR MAJOR SUBSIDIARIES

We have been continuously expanding our business since inception, and had over 300 subsidiaries as of the Latest Practicable Date to facilitate rapid and effective implementation of our strategies.

Our Major Subsidiaries and their respective principal business activities, dates of establishment and jurisdictions are set out below:

Name	Principal business activities	Date of establishment and jurisdiction
CATL-JS	EV batteries and ESS batteries related business	June 30, 2016, PRC
UABC	EV batteries and ESS batteries related business	June 8, 2017, PRC

Name	Principal business activities	Date of establishment and jurisdiction
CATL-SC	EV batteries and ESS batteries related business	October 15, 2019, PRC
CATL-FD	EV batteries and ESS batteries related business	January 14, 2021, PRC
CATL-RQ	EV batteries and ESS batteries related business	February 8, 2021, PRC
CATL-RT	EV batteries and ESS batteries related business	May 24, 2021, PRC
CATL-HK	Trade and investment	April 1, 2016, Hong Kong, PRC
CATT	Manufacture and sales of batteries and provision of technical services	September 11, 2018, Germany
CATH	Manufacture and sales of batteries and provision of technical services	February 4, 2022, Hungary
Hunan Brunp	Lithium-ion battery materials and recycling business	January 11, 2008, PRC
Ningbo Brunp	Trade business of lithium-ion battery materials	December 2, 2019, PRC

Our Company held the entire or majority of the equity interest in the above Major Subsidiaries throughout the Track Record Period.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and Early Development

On December 16, 2011, our Company was established in Ningde City of Fujian Province as a limited liability company with an initial registered capital of RMB1 million.

Conversion into a Joint Stock Limited Liability Company and Listing on the ChiNext of the Shenzhen Stock Exchange

In December 2015, our Company accomplished all procedures required to convert from a limited liability company to a joint stock limited liability company.

In June 2018, we completed the issuance and listing of our A Shares on the ChiNext of the Shenzhen Stock Exchange (stock code: 300750). In the A-Shares listing, we issued an aggregate of 217,243,733 A Shares, accounting for 10% of our Company's total share capital immediately following the A Share listing.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

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

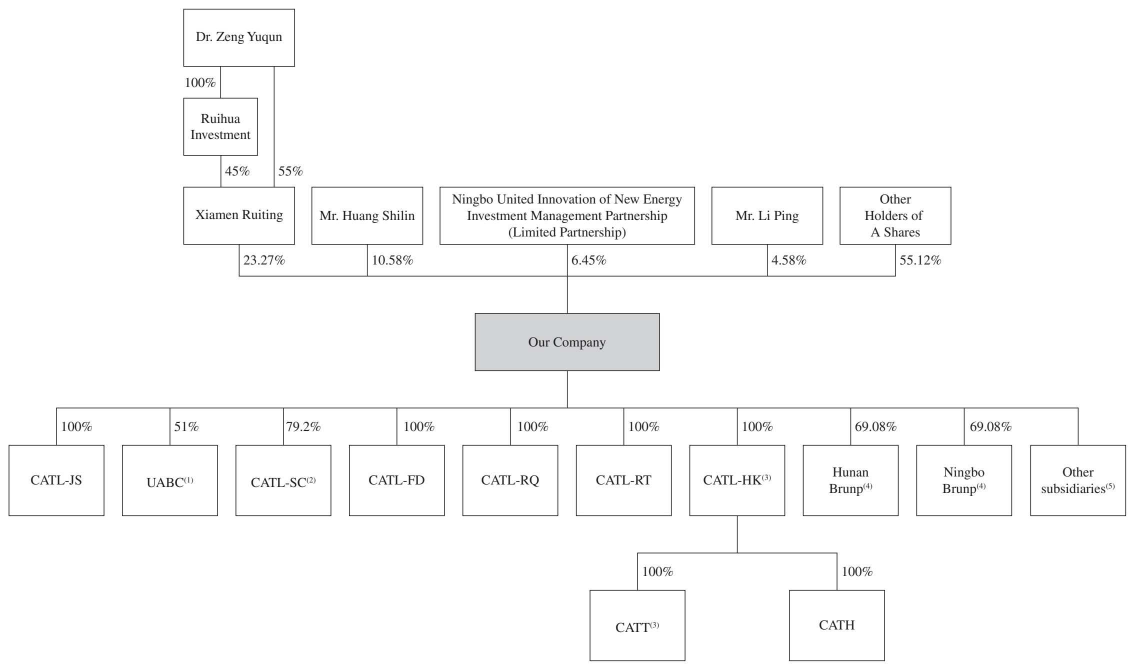
Since 2018, our Company has been listed on the ChiNext of the Shenzhen Stock Exchange. As of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisors are of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

Our Company seeks to be [**REDACTED**] on the Stock Exchange in order to further advance our global strategic layout, establish an international capital operation platform, and enhance our comprehensive competitiveness. For details, see "Business — Growth Strategies" and "Future Plans and [**REDACTED**]."

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately before the completion of the [**REDACTED**], assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [**REDACTED**]:



Notes:

(1) As of the Latest Practicable Date, Shanghai Automotive Group Investment Management Co., Ltd. (上海汽車集團投資管理有限公司) held 49.00% equity interest in UABC.

(2) As of the Latest Practicable Date, Luoyang Guohong Investment Holding Group Co., Ltd. (洛陽國宏投資控股集團有限公司) held 20.80% equity interest in CATL-SC.

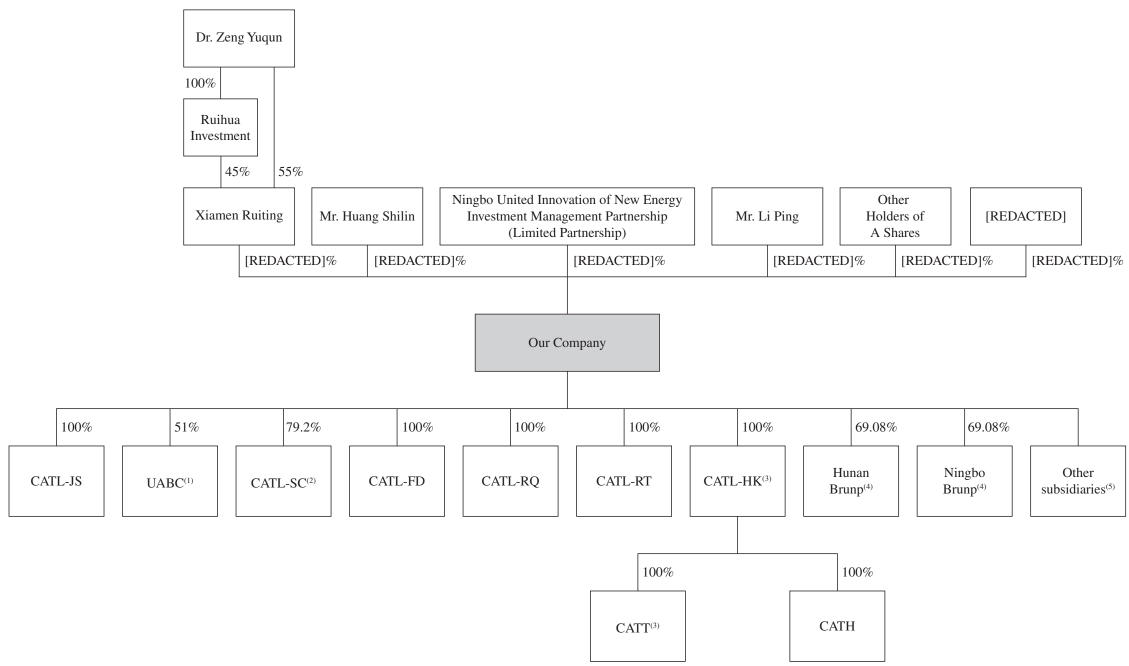
(3) As of the Latest Practicable Date, CATL-HK indirectly held 100% equity interest in CATT through its wholly-owned subsidiary Contemporary Amperex Technology Luxembourg S.à r.l.

(4) As of the Latest Practicable Date, each of Hunan Brunp and Ningbo Brunp was wholly owned by Guangdong Brunp. Our Company held 69.08% equity interest in Guangdong Brunp.

(5) As of the Latest Practicable Date, we had over 300 subsidiaries, including our Major Subsidiaries and other ones incorporated in various jurisdictions.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group upon completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [**REDACTED**]:



Notes (1) to (5): see "— Shareholding and Corporate Structure Immediately before the [**REDACTED**]."

OVERVIEW

We are a globally leading innovative new energy technology company, primarily engaged in the research, development, production, and sales of EV batteries and ESS batteries. We aim to drive the transition from mobile and stationary fossil energy sources to sustainable alternatives, as well as creating integrated innovative solutions for new applications through advancements in electrification and intelligent technologies. By the end of September 2024, we had established six major R&D centers and 13 battery manufacturing bases worldwide, with service outlets spanning 64 countries and regions. We have the broadest coverage of customer and end-user base globally. By the end of November 2024, our EV batteries were installed in approximately 17 million vehicles, which represents one in every three EVs worldwide, and our ESS batteries were deployed in over 1,700 projects across the globe.

Leveraging decades of extensive experience we have accumulated in the lithium-ion battery industry, we have developed proprietary full-chain and highly efficient R&D capabilities, which lead to our comprehensive and advanced matrix of products and solution. It can be applied to passenger vehicle (PV), commercial vehicle (CV), front-of-the-meter (FTM) energy storage system, behind-the-meter (BTM) energy storage system, and emerging applications such as machinery, vessels, aircraft and others. Our products effectively meet the evolving and diverse needs of global customers.

We actively participate in the development of industry standards and subject matter research in the global lithium-ion battery industry, driving the industry's sustainable development. By the end of 2024, we are part of over 160 domestic and international industry associations, among others: the Global Battery Alliance, International Renewable Energy Agency, European Battery Alliance, and China Association of Automobile Manufacturers.

Through our relentless efforts, we are highly recognized by global customers and widely acclaimed in the market. Our major accomplishments include:

EV Battery[1]

No. 1 Globally for 8 Consecutive Years

36.8%
Global Market Share from Jan. to Nov. 2024

26.8%, No. 1 in Non-China Markets
From Jan. to Nov. 2024

ESS Battery[2]

No. 1 Globally for 3 Consecutive Years

40.0%
Global Market Share in 2023

Select Markets[3]

72% of the High-End Passenger EV
Market in China

80% of the E-Bus
Market in China

71% of the E-Truck
Market in China

R&D[4]

RMB66.2 Bn
Cumulative R&D Spent from 2015 to September 2024

39,792 Patents
Authorized/pending

Products

TECHNOBEST 2024 Award, AUTOBEST
Shenxing battery

The Best Inventions of 2022, TIME Magazine
Qilin battery

Manufacturing[5]

Largest Globally: 646 GWh
Annualized Production Capacity, 2024

World's Only 3 Lighthouse Factories
In the Lithium-ion Battery Industry

DPPB
Single-Cell Failure

Notes:

1 The rankings and market shares are based on global EV battery usage volume, according to the GGII Report. The eight consecutive years refer to 2017 to 2024, and the 2024 ranking is based on January to November statistics.

2 The rankings and market shares are based on global ESS battery shipment, according to the GGII Report. The three consecutive years refer to 2021 to 2023.

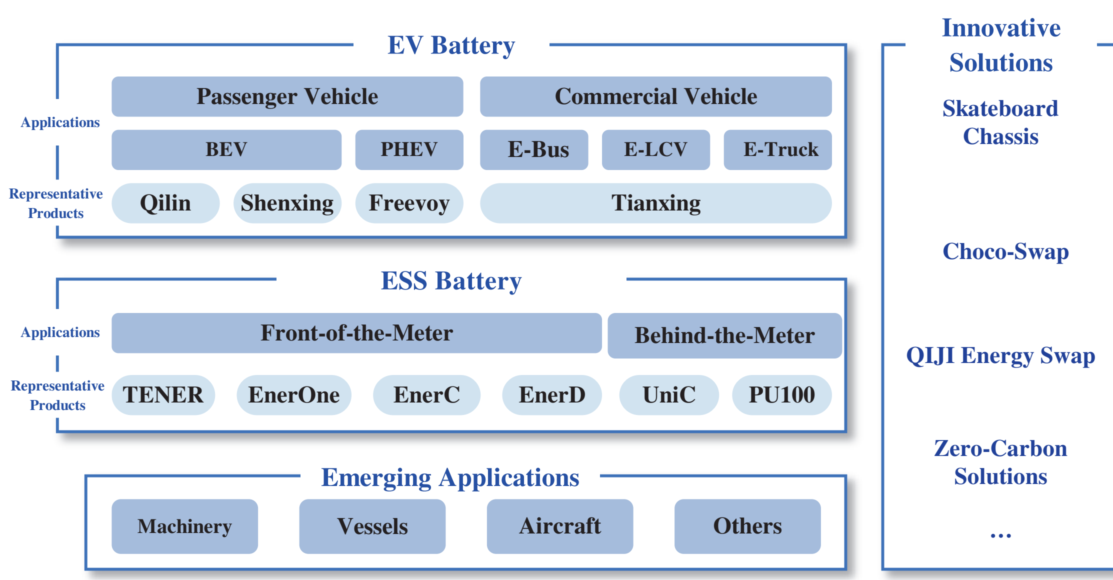
3 High-end passenger EV is defined as a vehicle priced over RMB250,000, according to the GGII Report. Market shares are calculated based on data in 2024.

4 The number of patents is as of September 30, 2024.

5 The annualized production capacity is calculated by multiplying our production capacity for the six months ended June 30, 2024, by two.

Our Business

We are dedicated to providing best-in-class EV and ESS batteries and related solutions for global new energy applications, as outlined below:



In addition, we secure the supply of key upstream resources and materials for battery production through battery materials and recycling, and investment, development and operation of mineral resources. For details about each of our business segments, see "— Our Products and Solutions."

Our Innovations

Our innovation has three strategic directions: (i) replacing mobile fossil energy sources, (ii) replacing stationary fossil energy sources and (iii) integrated innovation of new applications. We focus our efforts on innovation around battery materials and electro-chemistries, system structures, and green extreme manufacturing, as well as business model innovation. We have consistently launched new technologies, products and business models that drive the industry forward.

- In 2011, we participated in the world's largest wind and solar energy storage and transmission project — the Zhangbei energy storage project.
- In 2014, we mass-produced the world's first large prismatic NCM battery cell.
- In 2016, we were the first in the world to apply CTP technology to E-Bus.
- In 2018, we pioneered the mass production of prismatic NCM811 high-nickel batteries.
- In 2019, we were the first in the world to apply CTP technology to PV.
- In 2021, we released the world's highest energy density sodium-ion battery, and introduced the AB battery system.
- In 2022, we launched the Qilin battery, utilizing 3rd generation CTP technology, achieving the highest volume utilization of 72% globally.
- In April 2023, we unveiled the world's first condensed battery with a cell level energy density of up to 500 Wh/kg.
- In August 2023, we released the world's first 4C superfast charging LFP battery, Shenxing.
- In April 2024, we unveiled TENER, the world's first ESS featuring zero degradation in power and capacity over 5 years, while offering high single container energy capacity of 6.25 MWh.
- In July 2024, we launched the Tianxing series for various CV applications, tailor-made for E-Bus, E-LCV, and E-Truck, effectively addressing key industry pain points of CV, including limited driving range, slow energy replenishment, and rapid battery degradation.
- In October 2024, we launched Freevoy Super Hybrid Battery, the world's first hybrid vehicle battery to achieve a pure electric range of over 400 km and 4C superfast charging.
- In December 2024, we unveiled the Bedrock Chassis, the world's first ultra-safe skateboard chassis that has successfully passed the dual extreme safety test.

Our Global Presence

Our business spans the globe. We adopt a "customer-centric" approach and established various long-term and in-depth strategic partnerships with globally renowned automotive OEMs, ESS integrators, project developers or operators. By the end of 2024, nine out of the top ten global automotive OEMs by EV sales volume are our customers, according to the GGII Report. Our automotive OEM customers include BMW, Mercedes-Benz, Stellantis, Volkswagen, Ford, Toyota, Hyundai, Honda, Volvo, SAIC, Geely, NIO, Li Auto, Yutong, and Xiaomi. Our ESS customers and partners include NextEra, Synergy, Wärtsilä, Excelsior, Jupiter Power, Flexgen, China Energy Group, State Power Investment Corporation, China Huaneng Group, China Huadian Group and China National Petroleum Corporation. We further strengthen our collaboration with global customers through equity investments, JVs, and technology licensing. In 2023, 32.7% of our revenue was generated from overseas markets. As of September 30, 2024, we have established a global network of over 730 after-sales service stations, among which 156 are located overseas, continuously providing high-quality service to our global customers.

We have been expanding our global footprint in response to evolving customer demands. As of September 30, 2024, we operated 13 battery manufacturing bases around the world. Beyond China, we have established a manufacturing base in Thuringia, Germany, enabling us to become the world's first battery manufacturer to obtain Volkswagen module certification and the first in Europe to receive Volkswagen cell certification. Furthermore, we are actively preparing and advancing our plant in Hungary, our JV factory with Stellantis N.V. in Spain, and our battery value chain projects in Indonesia.

To actively advance our globalization, we emphasize our efforts on overseas operational support, supply chain expansion, resources and recycling, and international talent acquisition. These efforts aim to create an efficient multinational operational structure.

Our Financial Performance

We have achieved steady growth and outstanding financial performance over the years. For the years ended December 31, 2022 and 2023, our revenue was RMB328.6 billion and RMB400.9 billion, respectively. For the nine months ended September 30, 2024, our revenue was RMB259.0 billion. During this period, our profitability continued to improve, with net profit consistently increasing. For the years ended December 31, 2022 and 2023, our net profit was RMB33.5 billion and RMB47.3 billion, respectively, representing a year-on-year growth of 41.5%. For the nine months ended September 30, 2023 and 2024, our net profit was RMB32.5 billion and RMB38.8 billion, representing a period-on-period growth of 19.2%. Our net profit margin for the years ended December 31, 2022 and 2023, as well as the nine months ended September 30, 2024, was 10.2%, 11.8% and 15.0%, respectively. In the same periods, our ROE was 24.7%, 24.7% and 22.1%, respectively.

We have consistently maintained a robust cash flow position. The net cash flow generated from operating activities for the years ended December 31, 2022 and 2023, as well as for the nine months ended September 30, 2024, was RMB61.2 billion, RMB92.8 billion, and RMB67.4 billion, respectively.

Our Sustainability Initiatives

We actively promote the United Nations Sustainable Development Goals. As a member of the United Nations Global Compact ("UNGC"), we fully support its ten principles across four key areas: human rights, labor, environment, and anti-corruption. We have established a sustainability governance structure that integrates these principles into our daily operations, ensuring the effective advancement of our sustainability efforts.

Meanwhile, we continuously enhance the transparency of our external communications, conveying our sustainability values and concepts to a broader range of stakeholders. As of the Latest Practicable Date, we had published annual Corporate Social Responsibility and/or ESG reports for six consecutive years and Carbon Emission Accounting reports for three consecutive years. We conduct regular identification and analysis of material ESG topics, and conduct a review of material topic results of the previous year in accordance with the latest ESG regulations and policies, while also considering external stakeholder focus and industry practices.

We consider climate change and carbon emissions as essential factors for our sustainable development. In 2023, we released our "Zero Carbon Strategy" setting clear carbon neutrality goals: achieving carbon neutrality by 2025 in our core operations and by 2035 across the value chain. We continue to enhance our ecosystem and biodiversity protection strategies, formulating and publishing our "Biodiversity Commitment" and "Forest Resource Conservation Commitment." Adhering to a philosophy of seamlessly integrating business development with social responsibility, we actively participate in community development, educational support, disaster relief, environmental protection, and social welfare initiatives. Through dedicated charitable funds and financial donations, we fulfill our corporate citizenship responsibilities and promote social value cocreation.

We continuously enhance our ESG practice and have achieved steady improvement of ESG rating in recent years. We successfully maintain industry-wide leading positions in various mainstream ESG ratings.

COMPETITIVE STRENGTHS

Competitive Full-Chain R&D Moat Built on Our Profound Experience and Unique Methodology

Lithium-ion batteries are critical components in the global transition to clean energy and low-carbon society. Developing and mass-producing lithium-ion batteries that combine at the same time outstanding safety, performance, high quality, and cost effectiveness are extremely challenging, which requires a comprehensive understanding and application of multiple disciplines such as electrochemistry, thermodynamics, and molecular dynamics, as well as fundamental theories across micro, meso, and macro scales, in addition to strong technical design, manufacturing, and quality control capabilities.

With more than 25 years in the lithium-ion battery industry, our team has accumulated extensive experience in developing, designing and manufacturing lithium-ion batteries. As a result, we cultivated a unique R&D methodology, and through continuous upgrades and optimization, we have been pioneering large-scale commercialization of EV and ESS batteries. From 2015 to September 2024, our cumulative R&D expenses amounted to RMB66.2 billion. As of September 30, 2024, our R&D team comprised more than 20,000 professionals. We built a robust full-chain innovation system and self-developed highly efficient and smart R&D platforms. Leveraging extensive, multi-scenario customer and end-user feedback, we consistently enhance our R&D and product design capabilities, ultimately creating a deep and competitive R&D moat.

Proprietary Full-Chain R&D

We possess proprietary full-chain R&D capabilities, from battery material, cell, module, system to downstream applications. Our R&D covers the entire process and full product life cycle from battery material R&D, product development, process and engineering design, testing and analysis, intelligent manufacturing, to recycling. These further enable us to have systems thinking, which allows us to deeply understand the interconnections of various elements during different stages, facilitating efficient innovation and product development. At the same time, our proprietary full-chain R&D capabilities allow us to have higher resilience and better control over our business operation, and to avoid over-reliance on any specific resources.

We seamlessly incorporate three key elements — safety, quality, and cost — into our R&D and manufacturing process, ensuring better delivery of our products. Regarding safety, we conduct R&D and design by simulating full-scenario application conditions and have a unique safety and reliability management system based on mechanism research, system safety technology, system reliability analysis technology, and model quantization technology. Through our extreme manufacturing process, we have reduced the failure rate of battery cells from DPPM to DPPB. To ensure product quality, we have set over 6,800 quality control points at critical production stages and implemented robust evaluation mechanisms. As to cost management, we apply proprietary PSL to significantly increase production pace, improve production yield, increase productivity per capita and reduces overall unit costs.

Highly Efficient and Smart Platforms

Built on massive data and advanced algorithms, we conduct modelling simulation by utilizing multi-physics, multi-scale, and multi-parameter process, consequently enhancing our R&D efficiency through a digital and smart R&D approach.

We self-developed material high-throughput computing platform, smart battery cell design platform, and smart process design platform, among others. We employ high-throughput computing, multi-scale simulations, and other cutting-edge technologies, and through material screening, decoding and transformation, we efficiently explore electro-chemistries with better performance, reliability and cost-effectiveness. From experimental reverse design to predictive forward design, we integrate technical advantages across battery materials, design, processes, and equipment, which allows us to substantially reduce cell design period compared to conventional manual methods. We digitize our entire manufacturing process, from development of new process to mass production, which deepens the synergy between process design and intelligent manufacturing, optimizes product development pathways, and enables our real-time adjustments.

Extensive Customer Feedback from Diversified Applications

Based on our robust collaboration with our extensive customer base, we can gather feedback on our products from various applications and gain valuable insights into the experiences and pain points of end-users. We consistently integrate these real-world feedback with our R&D lab data, allowing us to effectively enhance product performance and optimize our solutions, and further form a positive self-reinforcing loop.

Comprehensive and Advanced Product Matrix, Continuously Trendsetting the Industry

We have deep insights into industry trends, and multiple times preemptively identified the best technology direction and launched innovative products. Since inception, we pioneered the high-capacity cells for CV, high-nickel NCM batteries, and module-free CTP designs, successfully achieving large-scale commercialization of these products. In addition, we have introduced innovative products such as sodium-ion batteries with high energy density, M3P batteries, and condensed batteries, continually driving industry development. As a result, we cultivated the most comprehensive and advanced product matrix in the industry, leading with performance characteristics such as high energy density, long life cycle, fast charge rates, wide operating temperature range, and outstanding safety. All of these contribute to our products' wide adaptability to PV, CV, ESS, and new applications, providing optimal solutions for customers and end-users.

In the PV sector, our Qilin battery is the industry's first NCM battery achieving 5C superfast charging and being capable of delivering a driving range exceeding 1,000 km. It was named one of TIME Magazine's Best Inventions of 2022 and was awarded the title of Most Innovative Automotive Supplier "Alternative Powertrains" by the Center of Automotive Management in Germany. Our Shenxing battery is the world's first LFP battery to achieve 4C superfast charging, earning the 2024 TECHNOBEST Award from AUTOBEST. Our Freevoy battery is the world's first hybrid vehicle battery capable of exceeding 400 km of pure electric range while supporting 4C superfast charging. In the CV sector, our Tianxing battery series is tailored for E-Bus, E-LCV and E-Truck, effectively addressing sector pain points such as range anxiety, slow charging, and rapid battery degradation. In the ESS sector, our TENER system is the world's first ESS with zero degradation in power and capacity over 5 years, achieving single container energy capacity up to 6.25 MWh while offering outstanding safety, long life cycle, and high integration advantages.

As a result, we preemptively and systematically capitalize on market opportunities and secure a leading position across various markets. We have maintained the No. 1 global market share in EV batteries for eight consecutive years, while our ESS batteries have held the top position for three consecutive years. In select markets, including the high-end PV market with demanding performance standards and significant technical challenges, as well as the high-usage CV markets, we are highly recognized by our customers and achieve even greater market shares through our exceptional products.

Multi-Dimensional Expansion Creating a Dominant Position in Emerging Areas

Leveraging our deep understanding of and continuous innovation in EV and ESS batteries, we proactively identify and seize emerging market opportunities. We tailor products and solutions that meet the performance requirements of new application scenarios, pioneering the expansion of electrification into areas such as machinery, vessels, aircraft and others. At the same time, we have successively launched innovative solutions such as Skateboard Chassis, Choco-Swap and QIJI Energy Swap, empowering our customers, expanding our applications, enhancing the end-user experience, and promoting comprehensive electrification.

We are the first battery company to receive recognition and certification from the China Classification Society (CCS) under the "Guidelines for the Inspection of Pure Electric Powered Ships." We established a wholly-owned subsidiary, CAES, which has become the world's first solution provider for electric vessels covering their entire life cycles. As of December 31, 2024, over 700 electric vessels globally had been equipped with our batteries. In 2023, we launched our condensed battery with a cell energy density of up to 500 Wh/kg, which simultaneously achieves high energy density and excellent safety, opening up new electrification possibilities for passenger aircraft.

Our Skateboard chassis features body-chassis separation, high integration, and open architecture, promoting more modular, bespoke, and intelligent automobile designs, and significantly improving development efficiency for our automotive customers, shortening their new models R&D cycles. In addition, our Bedrock chassis was the first in the world to pass the dual extreme safety test of "highest speed plus strongest impact." Our Choco-Swap offers high adaptability and flexibility to various PV models, effectively improving energy replenishment efficiency and enhancing the end-user experience through fast battery swapping. Meanwhile, our QIJI Energy Swap system delivers a more environment friendly, economical, and efficient energy replenishment solution for the E-Truck sector.

Pioneering Zero Carbon Practice, Building Zero Carbon Ecosystem

Pioneering Zero Carbon Practice

In 2023, we launched our "Zero Carbon Strategy," establishing clear carbon neutrality goals: achieving carbon neutrality by 2025 in our core operations and by 2035 across the value chain. To fully advance the achievement of zero-carbon goals, we are implementing energy-saving upgrades and renewable energy utilization across our manufacturing bases. We actively promote the construction of zero-carbon factories, develop renewable energy projects, and increase the proportion of green electricity usage. As of June 30, 2024, we had 9 certified Zero Carbon Factories and had obtained utility-scale renewable energy capacity quota totaling 4.2 GW. Furthermore, we have established a self-sustaining closed loop consisting of battery production, usage, cascade utilization, and recycling. In the six months ended June 30, 2024, we had recycled approximately 52,000 tons of retired batteries and wasted materials and had signed new recycling cooperation agreements with 53 companies.

We also collaborate with key suppliers to comprehensively reduce carbon emissions throughout the supply chain. We utilize the CREDIT value chain sustainability auditing program to conduct sustainable management reviews of our suppliers, while relying on the CATL Carbon Chain Management System to expand our product carbon footprint database. In the six months ended June 30, 2024, we had collected and analyzed the carbon footprint data of 87 raw materials. During the same period, we collaborated with our supply chain partners and executed more than 30 energy-saving projects, and successfully reduced the carbon footprint of key raw materials by 5% compared to 2023 levels.

Building Zero Carbon Ecosystem

The global trend of carbon reduction presents significant market opportunities; however, building a zero-carbon society is exceedingly challenging, and reliable solutions are yet to be developed. Leveraging our product and business advantages, coupled with our own carbon reduction practices, we have launched a series of pilot projects and demonstration initiatives at both the industrial park and city levels, in order to create highly integrated zero-carbon solutions, establish a zero-carbon ecosystem and facilitate the development of a zero-carbon society.

Our leading batteries are critical to the transition toward clean energy and low-carbon society. As of the Latest Practicable Date, we had cumulatively delivered over 1 TWh of battery products, which have been widely adopted in core areas of zero-carbon development, including transportation and electricity. We also provide innovative products and solutions such as battery swapping services, solar-storage-charging-battery inspection system and grid-forming ESS. In addition, we have been developing a low-carbon digital energy cloud platform and an energy management system to facilitate the intelligent interconnection, scheduling, and management of green energy. By doing so, we are able to provide a zero-carbon solution that comprehensively covers the needs of generation, grid, load, and storage of electricity.

We signed strategic corporation agreements with various enterprises, such as Conch Group, Xiamen Road & Bridge, and Nanjing Iron and Steel, to construct zero-carbon industrial park level projects. We also launched zero-carbon pilot projects in provinces and cities like Hainan and Tianjin. By implementing and promoting sophisticated system engineering initiatives, we advance the infrastructure underlying a zero-carbon society.

Leading Global Footprint with Unparalleled Capabilities

We have the largest lithium-ion battery production capacity in the world, with an industry-leading global footprint. Our annualized production capacity reached 646 GWh in 2024. We have established the Thuringia factory in Germany, and are actively preparing and advancing our plant in Hungary, our JV factory with Stellantis in Spain, and our battery value chain projects in Indonesia.

Lithium-ion battery companies face numerous challenges in overseas operations, such as unfamiliarity with local markets, high barriers to customer relationships, elevated construction costs, differences in legal systems and regulatory policies, cultural differences, and inadequate operational support systems. We manage to continue to overcome these challenges, ensuring stable operations at our overseas factories, thus enhancing our global presence. Our leading globalization capabilities primarily stem from the following unique advantages:

- *Extensive Customer Base and Abundant Orders*: We engage in comprehensive and deep cooperation with overseas customers. By actively meeting their diverse requirements through self-built capacity, JVs, technology licensing and the LRS (license, royalty, service) model, we have attracted long-term, abundant, and stable backlog of overseas orders.

- *Valuable Overseas Construction and Operational Experience*: We began constructing our Germany factory back in 2018, which commenced operations in 2022. Through years of continuous exploration, we have accumulated invaluable experiences in shortening construction cycles, enhancing production line efficiency, meeting environmental and sustainability requirements, conducting local recruitment and training, establishing ancillary supply chains, and managing market development and customer relationships.

- *Purpose-designed Factories and Production Lines*: To address the challenges of slow construction and high costs associated with overseas factories, we have developed small, standardized and modular facilities specifically for overseas manufacturing bases, effectively shortening construction time. Simultaneously, to lower reconfiguration costs and optimize efficiency, we developed highly intelligent reconfigurable production lines, capable of reducing configuration switching time and significantly enhancing production line flexibility and efficiency. In addition, by elevating automation levels, we further increased productivity per worker. We continuously refine these designs and apply them in subsequent overseas factory constructions, significantly enhancing our investment returns.

- *Comprehensive Resource Support*: We have established a global support system encompassing sales, after-sales services, and logistics. We operate 156 service stations across 63 countries and regions overseas, providing global customers with efficient one-stop service through effective business integration. In addition, we have built an international framework for supporting functions. We replicate our domestic expertise aboard, creating a comprehensive system befitting our overseas operations and providing support for the sustainable expansion of our international operations.

These unique advantages stem from our long-term operations and form the foundation for our global expansion, establishing our globalization capability that is difficult to replicate.

GROWTH STRATEGIES

Guided by the three strategic directions and four innovative systems, we drive the development of our business. We are committed to revolutionary battery technology innovation and large-scale commercial deployment, continuously expanding the applications of EV and ESS batteries. Through integrated innovation and zero-carbon solutions, we aim to reduce society's dependence on fossil fuels and contribute to global sustainable development.

Our Three Strategic Directions

- Centering around *Electrochemical Energy Storage* + *Renewable Energy Generation*, we focus on replacing stationary fossil fuels and reducing reliance on fossil fuel power generation.

- Centering around *EV Battery* + *NEV*, we aim to facilitate the replacement of mobile fossil fuels, thereby eliminating dependence on petroleum in the transportation sector.

- Centering around *Electrification* + *Intelligentization*, we promote integrated innovation for new energy applications, providing sustainable, accessible, and reliable energy sources for various industries, and fostering regional zero-carbon ecosystem and green low-carbon transformations across multiple fields.

Our Four Innovative Systems

Innovation is in our DNA and serves as the driving force behind our sustainable development. Guided by our three strategic directions, we have established four innovative systems: "Battery Materials and Electro-chemistries Innovation," "System Structure Innovation," "Green Extreme Manufacturing Innovation," and "Business Model Innovation" to support our business development. We promote the four innovative systems through "open innovation." We will implement digitalization and intelligent technologies across all stages including R&D, manufacturing, sales, and management, while enhancing the efficiencies in battery material system innovation, cell development and design, and manufacturing process design. This will facilitate the efficient transformation of scientific advancements into technology, products, and ultimately, successful commercialization and high-quality mass production, ensuring our continued market leadership.

- *Battery Materials and Electro-chemistries Innovation*: We will continue to enhance intelligent development platforms, such as the high-throughput materials integration computing platform. Leveraging advanced algorithms and computing power, we utilize validated platform technologies to conduct atomic-level simulations and design modeling of materials. By identifying fundamental characteristics of key materials and efficiently screening promising material systems, we drive comprehensive innovation in materials and material systems. This accelerates battery design and ensures that we maintain foresight and leadership in the development of new products and technologies.

- *System Structure Innovation*: We will optimize the system structure design of battery packs and chassis integration by leveraging digitized design tools and methodologies, while continuing to iterate and upgrade our existing CTP and CTC technologies. This will improve the integration our battery systems and our skateboard chassis products, resulting in more efficient, safer, and cost-effective products. These innovations effectively facilitate the development of EV and enhance the key performance of EV and ESS.

- *Green Extreme Manufacturing Innovation*: We are dedicated to establishing a green and efficient extreme manufacturing system to ensure the safety and reliability of battery products throughout their life cycle. Through continuous R&D investment and experience accumulation, we have developed and implemented the PSL across our manufacturing bases, achieving an industry-leading single-unit cell failure rate at the DPPB level. Looking ahead, we will leverage technologies such as big data, cloud computing, digital twins, and 3D printing to enhance our industrial digitalization capabilities, optimize production processes, improve product quality and productivity, and create high-quality delivery capabilities at the TWh scale.

- *Business Model Innovation*: We will fully leverage the advantages of our existing business, and continue to expand into new application scenarios, including machinery, vessels, aircraft and others. We successfully launched Choco-Swap, QIJI Energy Swap and various other innovative solutions. At the same time, leveraging our extensive experience in carbon reduction across operations and the value chain, we will use regional pilot projects as entry points to actively promote the implementation of zero-carbon technology products and solutions. This will support the development of regional zero-carbon ecosystems and drive green, low-carbon transitions across various sectors.

We believe that achieving a global green and low-carbon transition requires communal dedications. We will continue to uphold the spirit of open innovation and implement the four innovative systems and the complementary strengths of internal and external innovation capabilities. By doing so, we will help achieve the efficient allocation of resources across society, drive technological progress together with other forces, and ultimately yield shared benefits and mutual success for all.

OUR PRODUCTS AND SOLUTIONS

We are primarily engaged in the R&D, production, and sales of EV batteries and ESS batteries, with a focus on electrification and intelligence to drive integrated innovation in market applications. Our core technological advantages and sustainable R&D capabilities span across multiple sectors of the industry chain such as battery materials, battery systems, and battery recycling, allowing us to establish a comprehensive and well-developed production and service system.

Our main products include EV batteries, ESS batteries, and related battery materials.

EV Batteries

Our EV battery products include battery cells, battery modules/racks, and battery packs, offering products with a diverse range of chemistry that cover different energy density ranges. These products include, among others, LFP batteries, high-voltage mid-nickel ternary batteries, high-nickel ternary batteries, sodium-ion batteries, M3P batteries, and condensed batteries. Our EV battery products are designed to meet a variety of functional requirements, such as fast charging, long life cycle, long driving range, high safety, and wide operating temperature range.

PV Applications

We provide a variety of products based on the diverse needs of customers in the PV application scenario.

To meet the diverse needs of PV users regarding charging speed, range, and power, we have introduced a series of products represented by the Qilin battery and Shenxing battery, the key characteristics of which are set forth below:

- The Qilin battery utilizes the CTP 3.0 technology to integrate cells of high-nickel ternary battery or other chemistries, featuring high energy density, superior fast-charging performance, and excellent safety. Qilin battery offers an energy density of up to 255 Wh/kg and achieves a maximum 5C fast-charging capability. It is capable of delivering a range exceeding 1,000 km with one charge. We have launched several versions of the Qilin battery, including high power, long driving range, superfast charging, and all-around performance.

- The Shenxing battery is the world's first LFP battery to achieve 4C fast charging. It features excellent fast-charging performance, strong low-temperature performance, and cost-effectiveness. We have launched several versions for the Shenxing battery, including superfast charging, long life cycle, all-around performance, and the Plus version. Its energy density can reach up to 205 Wh/kg.

To meet the needs of PHEV users for extended electric range, low-temperature performance, and fast energy replenishment, we have introduced a series of products represented by the Freevoy battery, the key characteristics of which are set forth below:

- The Feevoy battery is the world's first hybrid battery to offer over 400 km of pure electric range combined with 4C fast charging. It features long pure-electric driving range, excellent low-temperature performance, and superior fast-charging capabilities. We have launched several versions for the Freevoy battery, including the "Lithium and Sodium AB" and "High Performance".

CV Applications

To meet customer demands for stability, life cycle, and high-frequency usage, we have launched a series of products represented by our Tianxing battery, precisely tailored for CV applications, such as E-Bus, E-LCV, and E-Truck. The key characteristics of our Tianxing battery are set forth below:

- For time-sensitive scenarios such as logistics and platform-based order fulfillment, we offer Tianxing L — Fast Charge and Tianxing L — Long Range, with a design lifespan of up to eight years and 800,000 km. For E-Bus, we offer Tianxing Bus version with a design lifespan of up to 15 years and 1.5 million km. In addition, for E-Truck with a design lifespan of up to 15 years and 3 million km, our Tianxing battery for heavy CV maintains reliability and stability even in harsh environments like mines and construction sites.

Emerging Applications

Beyond the application mentioned above, our EV batteries are also expanding into emerging application scenarios such as machinery, vessels, aircraft and others.

In addition, we continuously innovate and conduct R&D in select sectors such as power tools and electric two-wheelers, while also offering innovative medium-sized smart battery products.

ESS Batteries

Our ESS batteries encompass battery cells, battery racks, containers, and relevant systems, primarily utilizing LFP chemistries. Our ESS batteries are highly integrated, safe, and flexible, effectively addressing industry pain points, such as high costs and large space requirements. Based on the diverse application scenarios covering the power generation, grid, and load, as well as the entire full life cycle economics of our products, we have developed multiple specialized battery cells, such as 280Ah, 306Ah, 314Ah and 587Ah, and feature ultra-long life cycle, high safety, and wide operating temperature range.

Our ESS batteries are widely used in various FTM and BTM applications, including but not limited utility energy storage, industrial and commercial storage and data centers.

- **FTM Applications:** We have launched the EnerOne and EnerOne Plus outdoor liquid-cooled battery products, as well as the EnerC, EnerC Plus, EnerD, and EnerX liquid-cooled battery containers designed for all-climate. Furthermore, we have introduced the TENER system, which achieves zero power and capacity degradation over five years with each unit boasting an energy capacity of up to 6.25 MWh per container. It also offers safety, long life cycle, and high integration, meeting users' needs for energy storage safety and cost-effectiveness.

- **BTM Applications:** Our products cover the full range of scenarios from low-voltage and medium-voltage to high-voltage platforms. Among them, the UniC series products feature long life cycle, simplified operation and maintenance, and low energy consumption cost, making them suitable for diverse industrial and commercial energy storage applications. The PU100 product offers high safety, high power, and easy maintenance, catering to the energy management needs of data centers.

Battery Material and Recycling

Our battery material products primarily include lithium compounds, precursors, and cathode materials. We also process nickel, cobalt, manganese, lithium, and other materials from used batteries through recycling, producing materials needed for lithium-ion battery manufacturing. In addition, we channel the collected metal materials for third-party recycling, enabling the effective circular utilization of key metal resources required for battery production. These actions help reduce the carbon footprint across the entire life cycle of lithium-ion batteries.

We collaborate with customers to create a closed-loop ecosystem of "battery production - usage - cascade utilization - recycling." We have established recycling bases globally, forming an extensive, large-scale recycling network. As of December 31, 2024, we had an annual waste battery processing capacity of 270,000 tons, with a nickel, cobalt, and manganese recovery rate of up to 99.6%, and with lithium recovery rate of up to 91.0%.

Battery Mineral Resources

To further secure the supply of key upstream resources and materials required for battery production, we participate in the investment, construction, and operation of battery mineral resources through various means, including self-construction, equity investment, and joint ventures. We have several lithium projects, including Yichun project (Jiangxi) and Snowway Project (Sichuan). We also have a nickel project in Buli, Indonesia, and phosphorus projects in Jiangjiadun, Hubei, and Daping, Guizhou.

Innovative Solutions

Skateboard Chassis

Our skateboard chassis products are characterized by body-chassis separation, high level of integration, and an open structure: (i) body-chassis separation: separating the vehicle body from the chassis allows automotive OEMs to flexibly develop a variety of vehicle models on the same chassis architecture, shortening their new model R&D cycle, significantly reducing their initial R&D costs; (ii) high level of integration: we utilize CTC technology, highly integrating key components such as the battery, motor, inverter, steer, brake, and suspension. This improves space utilization and optimizes the overall vehicle structure; and (iii) open structure: our skateboard chassis features standardized connection interfaces and an open software framework, facilitating customized development for automotive OEM partners and promoting joint innovation and resource sharing. In addition, our ultra-safe Bedrock Chassis is the first to have passed the world's dual extreme safety test of "highest speed plus strongest impact."

Battery Swapping Solutions

We have launched the Choco-Swap and QIJI Energy Swap solutions to address the specific application scenarios and end-user needs of PV and CV, respectively. The Choco-Swap offers standardization, high compatibility, and convenience, adopted a wide range of vehicle models with strong flexibility. Through quick battery swapping, it significantly enhances energy replenishment efficiency and the overall experience for PV end-users. The QIJI Energy Swap solution consists of elements such as swappable batteries, swapping stations, and a cloud platform, providing a more environment friendly, economical, and efficient one-stop energy replenishment solution for the E-Truck sector.

The following table sets forth the revenue breakdown by product type for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (*Unaudited*)	*%*	*RMB'000*	*%*
EV batteries	236,593,497	72.0	285,252,917	71.2	212,604,509	72.1	175,542,789	67.8
ESS batteries	44,980,277	13.7	59,900,522	14.9	41,699,132	14.2	46,418,980	17.9
Battery materials and recycling	26,031,514	7.9	33,602,284	8.4	24,740,746	8.4	18,820,505	7.3
Battery mineral resources	4,508,633	1.4	7,734,151	1.9	5,967,306	2.0	4,526,676	1.7
Others	16,480,067	5.0	14,427,171	3.6	9,665,558	3.3	13,735,799	5.3
Total	**328,593,988**	**100.0**	**400,917,045**	**100.0**	**294,677,251**	**100.0**	**259,044,749**	**100.0**

RESEARCH AND DEVELOPMENT

R&D Investment

We continue to invest substantial capital in R&D and innovation. In 2022, 2023 and the nine months ended September 30, 2024, our R&D expenses were RMB15.5 billion, RMB18.4 billion and RMB13.1 billion, respectively.

R&D Institution and Team

We have established R&D centers in Ningde (Fujian), Liyang (Jiangsu), Shanghai, Hong Kong, Xiamen (Fujian), and Germany, etc. In addition, we have set up research institutions, such as the 21C Lab that is dedicated to cutting-edge new energy technologies. These institutions provide strong organizational support for our continuous innovation. As of September 30, 2024, we had more than 20,000 R&D personnel, including more than 500 with a doctoral degree and approximately 5,000 with a master's degree.

R&D System

Based on our understanding of research methodologies and scientific theories including molecular dynamics, electrochemical phase-field methods, and phase diagram theory, and leveraging our extensive experience and technological expertise in the lithium-ion battery industry, we have established a unique R&D and innovation system founded upon first principle thinking. We have established a fully integrated inhouse R&D capability spanning from materials, cells, modules, and systems to downstream applications. It covers the entire product life cycle, from material R&D, product R&D, process and engineering design, testing and analysis, and intelligent manufacturing to recycling and reuse. By leveraging digital and intelligent R&D tools, we have incorporated safety, quality, and cost control into our management process. We have established a readiness assessment and management system for new technologies, defining clear requirements from technological elements to platform integration, and then to product development. This approach allows us to proactively identify and manage risks, controlling their scope and reducing R&D costs. At the same time, it sets clear objectives for each stage, strengthens process management, and improves project success rates.

R&D Framework

We have established a R&D framework primarily based on inhouse R&D, supplemented by external collaborations. In terms of product development, we adopted an integrated project-based model for our core products, overseen by a cross-functional product decision committee. At project inception stage, we comprehensively consider various factors, including subsequent product development, production, raw material procurement, and cost control. Throughout the development process, we conduct timely reviews of potential risks and issues. Further, at critical stages like pilot production and mass production, the product decision committee assesses risks and makes informed decisions.

Our independently developed intelligent platforms include a material high-throughput computing platform, a smart cell design platform, and a smart process design platform.

In addition, we collaborate with renowned universities and research institutes on joint research and talent development, which has deepened our insights into industry trends and emerging technologies and introduced us new technologies and resources. As a result, our innovation capabilities combine internal and external expertise. We have collaborated with nearly 140 universities and scientific research institutes including Shanghai Jiao Tong University, Xiamen University, Tsinghua University, Huazhong University of Science and Technology, Fudan University, China University of Geosciences, and South China University of Technology. We work on collaborative projects on scientific and technological researches and breakthroughs, with nearly 400 joint projects. We have also set up our post-doctoral center to jointly develop talents in battery raw materials and intelligent manufacturing with well-known universities. Meanwhile, we have established joint industry-university-research innovation platforms with several universities to explore innovative solutions across the entire battery life cycle, including development, manufacturing, and recycling. Together, we are building a sustainable ecosystem for industry development.

INTELLECTUAL PROPERTY

We actively engage in external collaborations on intellectual property. We are a member of WIPO GREEN, an initiative of the World Intellectual Property Organization, and contribute to the application of green energy technologies globally. We leverage our technological capabilities and intellectual property advantages to facilitate the development of the entire industry chain.

As of September 30, 2024, we owned 14,782 registered patents, along with 25,010 patents under application worldwide. Our patents and patent applications encompass various areas, including materials, cells, modules, battery packs, ESS, etc. As of September 30, 2024, we had over 600 software copyrights and over 1,400 registered trademarks. For the management of intellectual property rights in our overseas operations, we have formulated a "Global Patent Guideline" and established an overseas patent portfolio assessment model to protect our innovations and core products. For details about our IP portfolio, see "Appendix VI — Statutory and General Information — 2. Further Information About Our Business — B. Intellectual Property Rights."

In addition to relying on intellectual property laws and regulations, we also protect our intellectual property through a series of management measures, including signing confidentiality agreements and contractual arrangements with employees, suppliers, customers, and other parties. When encountering infringement, we conduct relevant investigations, obtain proper evidence, take appropriate action such as warnings and legal proceedings, to safeguard our legal rights and interests.

During the Track Record Period and and up until the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights which would have any material adverse impacts on our business, financial condition, and results of operations. See also "Risk Factors — Risks Relating to Our Industry and Business — Our success depends on our ability to protect our intellectual property rights. Intellectual property infringement by and disputes with third parties may adversely affect our business, financial condition and results of operations."

PRODUCTION

Production Framework

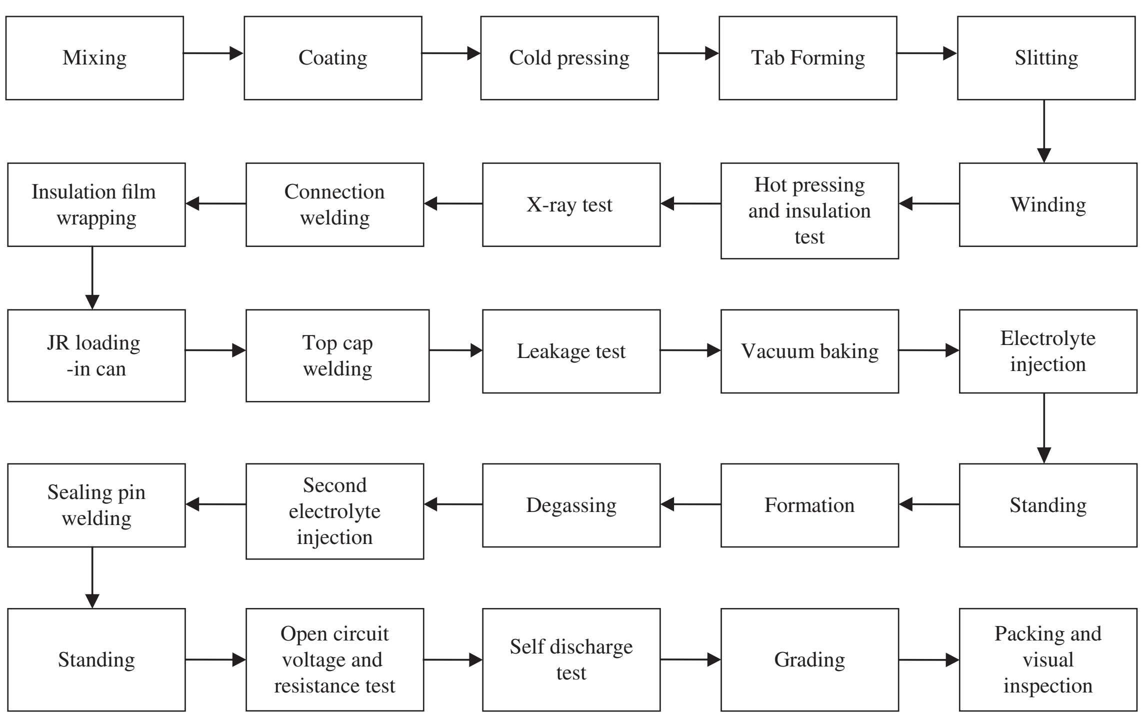
We take customer orders and market conditions into consideration for our production planning. The sales department consolidates information from customer orders, such as the delivery requirements and deadlines. Production plans are then determined based on the production capacity of corresponding manufacturing bases and supply chain situation.

We leverage intelligent and digital methods to enhance production efficiency. By introducing technologies such as machine vision inspection, digital twin simulation, 5G+, and 3D printing, we are driving intelligent manufacturing. This has enabled us to build a production system with multi-dimensional advantages, including production flexibility and efficiency, product quality and consistency, and optimized energy consumption levels.

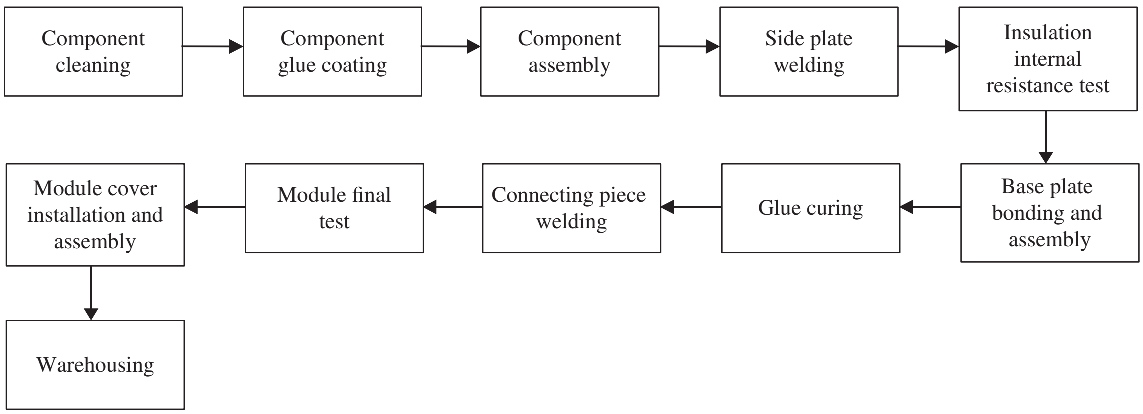
Manufacturing Process

Our manufacturing process primarily includes the manufacturing of battery cells, modules, packs and battery materials.

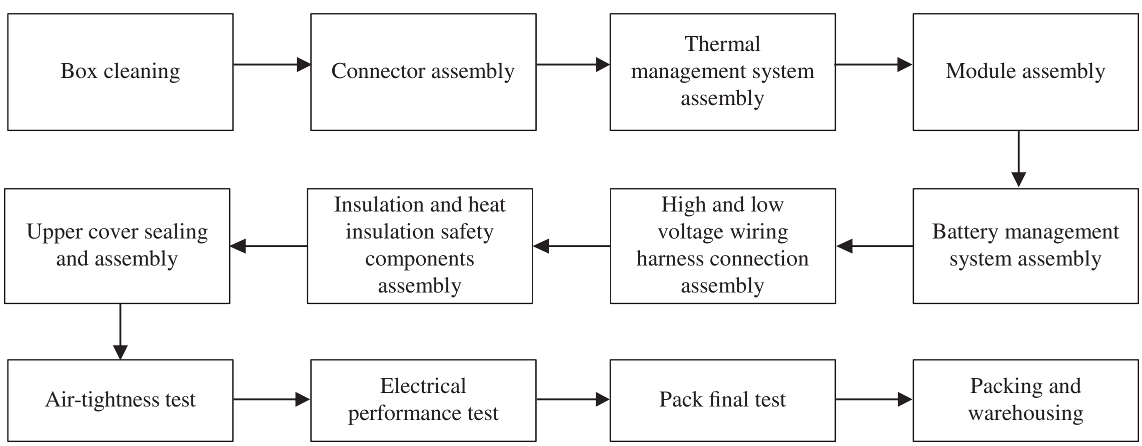
- **Cell:** The manufacturing process of battery cells is complex and requires strict conditions, including cleanliness and humidity control. The following diagram illustrates the major manufacturing steps of our cells.



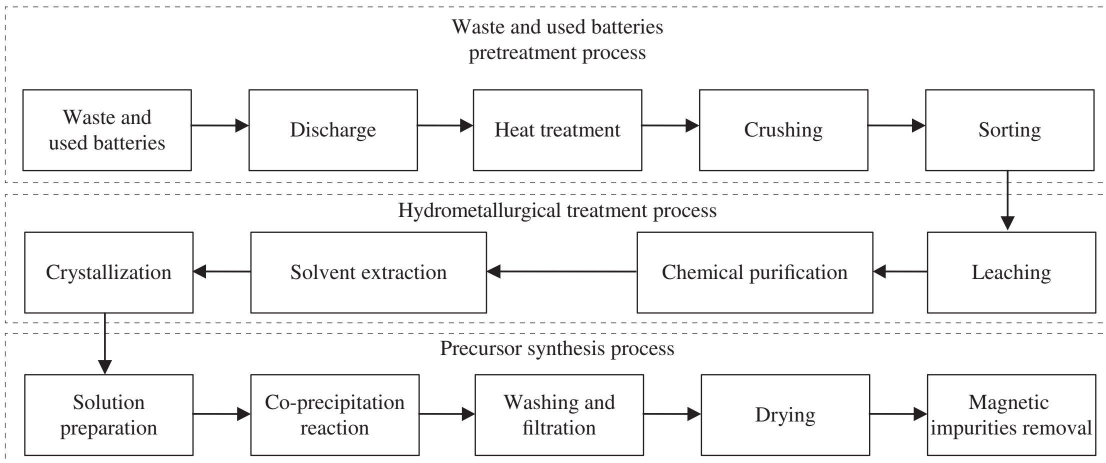
- **Modules:** A module is composed of multiple battery cells connected in series or parallel, with the number of cells determined by the energy and voltage requirements of the battery. The following diagram illustrates the major manufacturing steps of our modules.



- **Packs:** A pack typically includes a module, battery management system, connectors, and cooling system. The following diagram illustrates the major manufacturing steps of our packs.



- **Battery Materials and Recycling:** We use battery recycling technology to produce lithium-ion battery materials. The main products are precursors, and the production process is divided into three stages: the pretreatment of waste and used batteries, the hydrometallurgical treatment process, and the precursor synthesis process. The following diagram illustrates the major manufacturing steps of lithium-ion battery materials.



Manufacturing Bases

We possess the world's largest lithium-ion battery production capacity and an industry-leading global presence. As of September 30, 2024, we had 13 major battery manufacturing bases around the globe, including 11 major domestic manufacturing bases located in Ningde (Fujian), Xining (Qinghai), Liyang (Jiangsu), Yibin (Sichuan), Zhaoqing (Guangdong), Shanghai, Xiamen (Fujian), Yichun (Jiangxi), Guiyang (Guizhou), Jining (Shandong), and Luoyang (Henan), and two overseas manufacturing bases — the Thuringia factory in Germany and the Debrecen factory in Hungary. The following table sets forth the production capacity and capacity utilization rate of our production facilities and other related metrics during the periods indicated.

	For the Year Ended December 31,	
Metrics	**2022**	**2023**
Production volume (GWh)	325	389
Production capacity (GWh)	390	552
Capacity utilization rate (%)	83.4	70.5

As of September 30, 2024, three of our factories had been recognized by the World Economic Forum as the only Lighthouse Factories in the global lithium-ion battery industry. Meanwhile, three of our factories have received the "Industrie 4.0 Award" from ROI-EFESO Management Consulting, making us the only company in the global lithium-ion battery industry to receive this prestigious award.

QUALITY CONTROL

We are always highly committed to product quality and safety, considering them vital to our operation. We have established a strict quality management and risk control system that spans across the entire life cycle of product design, procurement, production, sales, usage, and maintenance. Through digital intelligence, such as mechanism simulation and failure analysis, we ensure high standards, comprehensive, and end-to-end product quality and safety.

We have formed a Product Quality and Safety Committee responsible for formulating policies, strategies and objectives, providing top-level guidance for quality and safety of our company. The Quality Department oversees the setup and maintenance of the quality management system, and supervises its effective implementation. During product development, the Quality Department sets up and enforces product testing and validation standards. It is also responsible for controlling product quality throughout the manufacturing process. We have designed our organizational structure for reliability of quality based on three pillars: system construction, management, and technology development. We have innovated management framework for reliability of safety. By integrating reliability and safety into quality management across technology, management and system dimensions, we have built a unique safety and reliability management system based on mechanism research, system safety technology, system reliability analysis technology, and model quantification technology, covering markets, R&D, engineering, supply chain, and operations.

Our quality management system covers all global production bases, ensuring consistency of management standards for product quality. Upon such practice, we can ensure our products constantly meet high quality standards and safety requirements. Leveraging digital intelligence, we manage quality across the entire product life cycle. We have multiple digital systems, including Quality Competitiveness Management Platform, Quality Activity Traceability System, Supply Chain Quality Digitalization System and Reliability Data Center. These can enable us to establish a quality control network which can preemptively identify, prevent and improve product quality. The network provides real-time monitoring and alerting, ensuring robust product quality. As of the Latest Practicable Date, we have set over 6,800 quality control points at critical production stages.

We have also established a comprehensive product recall management mechanism, with internal protocols to govern the recall process. During the Track Record Period, there have been no incidents of penalties by regulatory authorities for violation of applicable laws and regulation of product or service quality.

RAW MATERIALS AND SUPPLIERS

Our Suppliers

The material for lithium-ion battery manufacturing mainly include cathode, anode, separator and electrolyte. Other materials include electronic parts and structural parts, among others. Further, cathode includes LFP or ternary material, which involves metals such as lithium, nickel and cobalt as raw materials. Anode are primarily graphite.

In 2022 and 2023 and the nine months ended September 30, 2024, our direct material costs were RMB226.7 billion, RMB255.7 billion and RMB146.4 billion, respectively, accounting for 83.8%, 78.9% and 75.3% of cost of sales in the same period, respectively.

During the Track Record Period, our purchases from the five largest suppliers in each year/period accounted for 21.3%, 20.3% and 17.1% of our total purchases in the respective year/period; and purchases from our largest supplier in each year/period accounted for 5.4%, 5.3% and 5.9% of our total purchases in the respective year/period. During the Track Record Period, we maintained stable business relationships with our five largest suppliers in each period.

The following table sets forth the details of our five largest suppliers for each period during the Track Record Period.

Supplier	Background	Purchase amount	% of total purchase amount
		(in RMB million)	*(%)*
For the year ended December 31, 2022			
Supplier A	A group company in high-tech new energy materials industry	18,938.6	5.4
Supplier B	A lithium-ion battery cathode material supplier, specializing in the research, development, production, and sales of lithium-ion battery cathode materials	16,212.8	4.6

Supplier	Background	Purchase amount	% of total purchase amount
		(in RMB million)	*(%)*
Supplier C	A company engaged in mining, beneficiation, smelting, chemical processing and deep processing	15,590.6	4.4
Supplier D	A company focusing on the production of lithium-ion battery materials, fine chemicals and specialty chemicals	12,726.8	3.6
Supplier E	A company dedicated to the research, development, production and sales of core materials for lithium-ion batteries	11,199.9	3.2
Total		**74,668.8**	**21.3**

For the year ended December 31, 2023

Supplier	Background	Purchase amount	% of total purchase amount
Supplier B	A lithium-ion battery cathode material supplier, specializing in the research, development, production, and sales of lithium-ion battery cathode materials	15,844.6	5.3
Supplier A	A group company in high-tech new energy materials industry	14,174.7	4.7
Supplier C	A company engaged in mining, beneficiation, smelting, chemical processing and deep processing	11,044.0	3.7
Supplier F	A company focusing on lithium-ion battery materials, covering cobalt and nickel mining, non-ferrous metallurgy and battery materials	10,952.3	3.7

Supplier	Background	Purchase amount	% of total purchase amount
		(in RMB million)	*(%)*
Supplier E	A company dedicated to the research, development, production and sales of core materials for lithium-ion batteries	8,806.1	2.9
Total		**60,821.8**	**20.3**
For the nine months ended September 30, 2024			
Supplier C	A company engaged in mining, beneficiation, smelting, chemical processing and deep processing	11,338.2	5.9
Supplier B	A lithium-ion battery cathode material supplier, specializing in the research, development, production, and sales of lithium-ion battery cathode materials	6,658.0	3.5
Supplier A	A group company in high-tech new energy materials industry	6,078.4	3.2
Supplier G	A company engaged in non-ferrous metal mining and processing	4,699.6	2.4
Supplier H	A lithium-ion battery manufacturer, providing rechargeable battery for consumer electronics	4,033.9	2.1
Total		**32,808.2**	**17.1**

To the best knowledge of our Directors, none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately following the completion of the [**REDACTED**] had any interest in our five largest suppliers during the Track Record Period.

Supply Chain Management

We have been striving to build a resilient supply chain adaptable to efficiency, technological innovation, continuous cost reduction and green low-carbon practices. We established a supplier management system covering supplier qualification, tiered management, performance evaluation and exit procedures. We introduced a "Supplier Code of Conduct" that encompasses best practices related to labor, health and safety, environment, compliance management systems and business ethics. We shortlisted a panel of suppliers and have established long-term stable partnerships with key suppliers.

To mitigate risks related to raw material prices and supply, we have established a monitoring system to promptly track supply and demand as well as price changes of key raw materials. We secure material supply and optimize procurement costs through approaches such as procurement in advance, while further maintaining supply chain safety and stability through investment cooperation and long-term agreements.

Procurement Agreements

Generally, our procurement is conducted through a bidding process. We enter into procurement agreements with suppliers and place purchase orders based on actual production needs. The key terms in our procurement agreements typically include:

- *Material*. We shall list out the type, specifications, and quantity of required materials.

- *Price*. Depending on the type of materials and suppliers involved, prices can either follow the procurement agreement or be determined/adjusted according to the latest market prices at the time of order.

- *Inspection and returns*. Product inspection shall be carried out within the specified period upon delivery. We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.

- *Credit terms and payment*. Credit terms and payment methods shall be outlined in the purchase orders. We are granted certain credit terms, which is normally 90 days, by our major suppliers.

- *Confidentiality and anti-corruption*. We typically include confidentiality and anti-corruption provisions in our agreements, with confidentiality obligations potentially extending beyond agreement expiration.

- *Others*. Other terms such as delivery methods and date.

Due to factors such as fluctuations in material prices, changes in market supply and demand dynamics, and technological advancements, our procurement prices and quantities may vary. For details, see "Risk Factors — Price fluctuation and inadequate supply of materials and equipment for our production could adversely affect our business, financial condition and results of operations."

MARKETING, SALES AND CUSTOMERS

Our Customers

During the Track Record Period, we generated revenue primarily from sales of EV batteries and ESS batteries, and battery materials sales and recycling. Our EV battery customers primarily consist of domestic and international automotive OEMs. Our ESS battery customers and partners mainly comprise ESS integrators and ESS project developers and operators.

In 2022, 2023 and the nine months ended September 30, 2024, our revenue from the five largest customers in each year/period accounted for 35.3%, 36.8% and 37.4% of our total revenue in the year/period, respectively; and revenue from our largest customer in each year/period accounted for 11.6%, 12.5% and 15.4% of our total revenue in the year/period, respectively. During the Track Record Period, we maintained stable business relationships with our five largest customers in each period.

The following table sets forth the details of our five largest customers for each period during the Track Record Period.

Customer	Background	Revenue	% of total revenue
		(in RMB million)	*(%)*
For the year ended December 31, 2022			
Customer A	An automotive and clean energy company that engages in businesses related to electric vehicles, and energy storage systems	38,069.5	11.6
Customer B	A group whose businesses span the automotive industry and its supply chain, as well as intelligent electric mobility and energy services	26,511.7	8.1
Customer C	A company whose business primarily covers vehicles, components, mobility services, and innovative technology, etc.	25,525.8	7.8

Customer	Background	Revenue	% of total revenue
		(in RMB million)	*(%)*
Customer D	A multinational automotive company that engages in the design, manufacturing, and sales of automobiles	13,882.5	4.2
Customer E	A multinational automobile manufacturer specializing in designing and developing electric vehicles	12,087.2	3.7
Total		**116,076.7**	**35.3**
For the year ended December 31, 2023			
Customer A	An automotive and clean energy company that engages in businesses related to electric vehicles, and energy storage systems	50,116.5	12.5
Customer B	A group whose businesses span the automotive industry and its supply chain, as well as intelligent electric mobility and energy services	32,350.9	8.1
Customer C	A company whose business primarily covers vehicles, components, mobility services, and innovative technology, etc.	26,191.2	6.5
Customer D	A multinational automotive company that engages in the design, manufacturing, and sales of automobiles	24,657.4	6.2
Customer F	A company that engages in the design, development, and manufacturing of new energy vehicles	14,143.0	3.5
Total		**147,459.0**	**36.8**

Customer	Background	Revenue	% of total revenue
		(in RMB million)	*(%)*
For the nine months ended September 30, 2024			
Customer A	An automotive and clean energy company that engages in businesses related to electric vehicles, and energy storage systems	39,805.7	15.4
Customer B	A group whose businesses span the automotive industry and its supply chain, as well as intelligent electric mobility and energy services	20,102.7	7.8
Customer G	A company that engages in the design, development, and manufacturing of vehicles and motorcycles	14,030.5	5.4
Customer H	A company that mainly engages in the manufacturing and sales of PV, CV and engines, etc.	13,821.4	5.3
Customer I	A technology-driven manufacturing company, with new energy vehicles as its core business	9,139.7	3.5
Total		**96,899.9**	**37.4**

To the best knowledge of our Directors, none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately following the completion of the [**REDACTED**] had any interest in our five largest customers during the Track Record Period.

Sales and Marketing

Guided by our "customer-centric" approach, we are committed to continuously satisfying market demand across various sectors to strengthen our market position and expand our customer base.

We prioritize customer needs by collaborating closely with them from the early stages of product development through technical exchanges and solution alignment. After thorough testing and validation, both parties then establish supply relationships and determine the specifications on product types, models, and pricing terms, etc. After that, both parties will maintain collaboration for a period of time for the corresponding products. Our sales department is in charge of executing the contracts based on specific customer requirements and our internal processes, and delivering the corresponding products and after-sales service.

We emphasize on brand value and continuously enhance our brand management efforts. To cater to different application scenarios, we have introduced multiple brand series of products and services, including "Qilin," "Shenxing," "Freevoy," "Tianxing," "TENER," "Bedrock," and "NING Service." Additionally, we implement targeted marketing activities to better respond to customer needs, enhance brand recognition, and further elevate our corporate brand image.

Sales Agreements

We generally enter into framework sales agreements with major customers, pursuant to which customers will subsequently place specific purchase orders with us. Our framework sales agreements typically contain the following key terms:

- *Specification*. We usually set relevant technical parameters agreed with our customers in sales agreements or supplementary technology agreement. These parameters specify major technological characteristics of the products and services to be delivered.

- *Price*. We specify the unit price and/or total price of each product and service provided to the customer in the framework sales agreement. We also work with customers to establish price adjustment mechanism based on different product types, business models, and collaboration cycles.

- *Payment and delivery.* We assess applicable payment terms based on our customers' credit status and historical performance. We generally grant a credit period within 60 days to our major customers. In addition, we have a systematic credit control mechanism that enables us to proactively identify and mitigate risks related to accounts receivable during contract fulfillment. We assume the costs and risks associated with contract performance in accordance with the applicable laws governing the relevant transactions and the trade terms agreed upon with our customers. Furthermore, depending on the product type and business model, we specify corresponding order delivery mechanisms or delivery cycles in our framework sales agreements.

- *Term and termination.* The term of the agreement generally ranges from one to several years and may vary on a case-by-case basis. The renewal of framework agreements is dependent on the outcomes of our negotiations with different customers.

Pricing

We price our products based on various factors, including costs of the materials, production costs, order volumes, delivery requirements, warranty services, market conditions, payment methods and specifications of products required by customers. We closely monitor fluctuations in prices of main materials and related raw materials, and actively work to reduce procurement and production costs, and reassess product pricing levels when necessary. Our framework sales agreements or supplementary agreements include price adjustment mechanisms, providing us flexibility to adjust product pricing when supply-demand dynamics or commercial conditions change.

After-Sales Service

We have consistently put great emphasis on after-sales service, delivering comprehensive, quality, and timely services to both customers and end-users through our global network of service stations. As of September 30, 2024, we had set up over 730 after-sales service stations across 64 countries and regions, including 156 overseas service stations. In addition, we are committed to standardizing after-sales service quality and enhance service sustainability in the battery industry. We launched our own "NING Service" after-sales brand, through which we offer support services, including but not limited to battery maintenance, testing, recycling and reuse, insurance, and training.

We have established comprehensive response mechanisms, as well as product return and replacement procedures. Generally, we accept return of any product if it has any quality defect and is still within the warranty period stipulated in the sales contract or production specifications. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material customer complaints or product returns, nor any material product returns or order cancellations due to product defects.

Our customer service and management efforts continue to receive external recognition. We have been awarded the Five-Star (Standard), Seven-Star (Excellent), and Twelve-Star (currently the highest industry rating in China) certifications jointly issued by the China General Chamber of Commerce and the National Commodity After-Service Conformity Certification Evaluation Committee.

Overlapping of Suppliers and Customers

In 2022, 2023, and the nine months ended September 30, 2024, our five largest suppliers in the respective year/period were also our customers during the Track Record Period. Since we purchased direct materials for battery production from these suppliers and also sold certain upstream materials to them, they were both our suppliers and customers. Except for Supplier A and Supplier C, the revenue from any of our other five largest suppliers in each year/period during the Track Record Period accounted for less than 1.0% of our total revenue in the respective year/period. In 2022, 2023, and the nine months ended September 30, 2024, the revenue generated from Supplier A accounted for 2.0%, 1.6%, and 1.2% of our total revenue, respectively; and the revenue generated from Supplier C accounted for 1.4%, 0.7%, and 1.7% of our total revenue, respectively. For details about our purchase amounts from these suppliers and the respective percentage of our total purchase amounts during the Track Record Period, see "— Raw Materials and Suppliers — Our Suppliers."

During the Track Record Period, among the five largest customers in each year/period, Customer B, Customer C, and Customer G were also our suppliers. Since they purchased EV batteries and/or ESS batteries from us and we purchased a small number of waste batteries from them, they were both our customers and suppliers. During the Track Record Period, the amount of our purchases from each of these customers was immaterial for our business, accounting for less than 0.1% of our total purchase amount in the respective year/period. For details about our revenue generated from these customers and the respective percentage of our total revenue during the Track Record Period, see "— Marketing, Sales and Customers — Our Customers."

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We established comprehensive systems and procedures for warehousing, logistics, and inventory management, to standardize the entire process from receipt of materials, stock-in of inventory, return of manufacturing materials, to finished product delivery. Meanwhile, we regularly review and update relevant procedures, which are published through our internal systems. We also provide staff training to ensure strict procedural compliance, including inspection, handling and reporting of anomalies to maintain standardized operations.

For inventory management, we track our the storage locations of our inventory, which helps improve warehousing efficiency and achieve full traceability of materials. Each step from receipt of material to finished product delivery undergoes rigorous verification. Regular cycle counts and annual inventory stock-taking are conducted to maintain accuracy and transparency in inventory management, ensuring stable operation of our warehousing and logistics system. Additionally, we perform periodic analysis of slow-moving inventory and timely develop management plans. We have also engaged competent logistics providers to ensure safe, timely, and reliable product delivery.

PROPERTY

We own and lease certain properties primarily to be used as production facilities, warehouses and offices. As of September 30, 2024, we did not have any assets with a carrying amount that equaled or exceeded 15% of our consolidated total assets as of that same date.

Owned Land and Properties

As of September 30, 2024, we and the Major Subsidiaries had rights to use 41 parcels of land in mainland China, with a GFA of over 10,000 square meters each, and approximately 9.55 million square meters in aggregate. As of the Latest Practicable Date, our PRC Legal Advisors confirmed that our rights to use such state-owned construction land were lawful and valid, and there were no disputes or potential disputes over the ownership over such land.

As of September 30, 2024, we and the Major Subsidiaries owned 84 properties in mainland China, with an area of over 10,000 square meters each, and approximately 7.9 million square meters in aggregate. Among them, five properties have completed the completion acceptance process and are awaiting the issuance of property ownership certificates. The properties are primarily used for production, warehousing, R&D and office purposes. As confirmed by our PRC Legal Advisors, we legally and validly own the aforementioned properties, with no existing or potential ownership disputes.

Leased Properties

As of September 30, 2024, we and the Major Subsidiaries had 17 leased properties in mainland China in relation to our business operations, with a GFA of over 10,000 square meters each, and approximately 0.46 million square meters in aggregate, primarily for warehousing purposes.

COMPLIANCE AND LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business. For details, see "Risk Factors — Risks Relating to our Operations — Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could adversely affect our reputation." During the Track Record Period and as of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or, to our best knowledge, threatened against our Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

COMPETITION

The global lithium-ion battery industry is relatively concentrated. According to the GGII Report, based on EV battery usage volume from January to November 2024, the top five and top ten EV battery companies accounted for 74.6% and 89.3% of the global market, respectively. In terms of shipment volume, the top five and top ten energy storage battery manufacturers accounted for 78% and 95% of the global market in 2023, respectively. There is a notable overlap between the global top ten companies in the EV battery market and those in the ESS battery market.

We continuously invest in cutting-edge technologies, optimize our product portfolio, explore cross-industry innovative applications, and drive the development of the zero-carbon ecosystem, thereby strengthening our competitive edge in an ever-evolving market.

INFORMATION SECURITY AND PRIVACY

We place significant emphasis on information security management, drawing on international best practices in our operational activities. By establishing a high-standard data security management system that meets regulatory standards and ensures full coverage, we have laid a robust foundation for information security, benefitting both domestic and international clientele. We strictly abide by the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's

Republic of China (《中華人民共和國個人信息保護法》), the General Data Protection Regulation (GDPR) of the European Union, and other national or regional laws and regulations to conduct business. We also established the Security and Secrecy Committee (SSC) with the subordinated Security and Secrecy Office (SSO). The SSO carries out specific tasks across all of our departments and manufacturing bases with support from external consulting, testing, and auditing agencies. We have achieved the highest level of TISAX (Trusted Information Security Assessment Exchange) certification, jointly issued by the German Association of the Automotive Industry (VDA) and the European Network Exchange (ENX).

In the course of outbound daily operations, we may need to collect and process personal information of our individual users, visitors, and partners, involving various scenarios including personal information collection and use, and entrusted third-party processing. We strictly comply with applicable laws and regulations, including the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the EU GDPR, and other application laws and regulations, and enhance our data compliance management practices. We integrate data and privacy compliance efforts within our compliance management framework, which includes proactively following the developments and interpretations of laws and regulations, building institutional systems, conducting compliance risk assessments, performing compliance reviews, and providing training.

AWARDS AND ACHIEVEMENTS

The following table sets forth some awards we received and certain achievements we made.

Name of Award	Awarding Entity	Year
Second Prize of National Scientific and Technological Progress Awards	The State Council of the People's Republic of China	2024, 2024*
China ESG 50	Forbes China	2024
Industrie 4.0	ROI-EFESO Management Consulting	2024
Global 500	Fortune	2023, 2024
China's "50 Most Innovative Companies"	Forbes China	2023
Global Lighthouse Factory	World Economic Forum	2021, 2022, 2023
The 100 Most Influential Companies	TIME	2022, 2023
Global 500 — The World's Most Valuable and Strongest Brands	Brand Finance	2023
"China ESG Model" Enterprise	China Media Group	2023

Name of Award	Awarding Entity	Year
TECHNOBEST 2024 Award	AUTOBEST	2023
Best Inventions	TIME	2022

Note:

* In 2024, our Group and its subsidiaries won two 2023 Second Prizes of National Scientific and Technological Progress.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

ESG Management Framework

Our Corporate Sustainability Management Committee ("CSMC") is headed by the Secretary of the Board and comprises senior management as its members. Under the supervision of the CSMC, we also established the Council of Corporate Sustainability Management Committee ("CCSMC"), consisting of key members from various business departments. The CCSMC is tasked with developing the overarching blueprint and executing sustainability management initiatives.

In 2023, we became a member of the United Nations Global Compact (UNGC), and committed to supporting its ten principles across four key areas encompassing human rights, labor, environment, and anti-corruption. By taking actions to fulfill commitments and better advance the progress of sustainable development goals, we continue to improve information transparency, and communicate the values and principles of sustainable development to a wider array of stakeholders.

Material ESG Topics

Material ESG topics serve as key focal points for the management of our sustainable development. Following stakeholder engagement principles, we regularly conduct importance assessments by consulting both internal and external stakeholders to determine our material topic matrix.

Environment

Climate change

We have positioned climate change and carbon emissions as core strategic priorities in our sustainable development agenda, and have established a climate governance framework based on our sustainability management system. In 2023, we officially announced our targets to achieve carbon neutrality in our core operations by 2025 and across the value chain by 2035. To deliver on these goals, we launched six major initiatives: Zero-Carbon Design, Zero-Carbon Factory, Zero-Carbon Supply, Zero-Carbon Manufacturing, Zero-Carbon Power, and Circular

Ecosystem. Driven by continuous innovation, we will continue developing low-carbon products and technologies, systematically advancing process optimization and energy efficiency initiatives, vigorously expanding renewable energy projects, and strategically deploying battery recycling – all to comprehensively advance carbon neutrality across our operations and value chain.

Furthermore, in accordance with relevant requirements, we regularly carry out greenhouse gas emissions accounting at our operational battery production facilities, and engage third-party agencies to perform independent verification at facilities with significant greenhouse gas emissions, strengthening the foundation of our carbon emissions data.

Energy management

We actively advance our energy management through various measures, including enhancing energy efficiency and implementing renewable energy solutions. In 2023, we implemented 538 energy conservation measures company-wide, resulting in annual savings of 585,650,560 kWh in electricity consumption, 28,099,246 cubic meters in natural gas consumption, and 165,863 tons in steam consumption. These energy savings are equivalent to avoiding approximately 440,913.14 tons of CO2 equivalent emissions. In 2023, the proportion of our zero-carbon power usage reached 65.43%, an increase of about 38.83% compared to 2022.

Waste management

We have established internal management policies for wastewater, air emissions, solid waste and other types of waste generated during production operations. Our wastewater discharges mainly consist of industrial wastewater and domestic sewage, which are treated to meet discharge standards through on-site wastewater treatment facilities and municipal wastewater plants. Our air emissions are treated through air pollution control facilities to meet emission standards before discharge. For general industrial solid waste and hazardous waste, we engage qualified disposal agencies for harmless disposal or comprehensive utilization, or after classification and collection, commission downstream suppliers for harmless disposal or comprehensive utilization. In 2023, the total volume of disposal and recycling for our general industrial solid waste was 720,441 tons, and the total volume of hazardous waste managed through disposal and recovery was 13,947 tons.

Social Responsibility

Supply Chain Management

We continually reinforce our sustainable supply chain management capabilities by integrating sustainability into our supply chain management system. This involves actively implementing environmental and social responsibility risk management for suppliers, promoting carbon emission reduction throughout the supply chain, and supporting the sustainable development transition of the industry. We incorporate ESG-related metrics, including but not limited to low-carbon and social responsibility indicators, into supplier performance evaluations as additional scoring factors. We present sustainability awards annually to recognize excellent sustainability management performance. For suppliers with poor performance, we issue non-compliance rectification plans and oversee corrective actions.

In addition, we have leveraged digital technology to establish a supply chain compliance traceability system with both internal and external tracking capabilities, which can comprehensively trace and document each step of product manufacturing and supply chain management to ensure compliance with relevant regulations and standards.

Occupational Health, Safety and Care

We are committed to abiding by all applicable regulatory requirements, preventing and reducing hazards and risks that may harm the health of our employees, and ensuring the health and safety of our employees and surrounding communities. Strictly complying with the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》) and the applicable laws and regulations in overseas locations of operation, we have continuously strengthened the occupational health protection of employees, and systematically sorted out the occupational health management system documents.

We conduct regular information sessions on occupational health and safety awareness for employees, including equipment safety, safety regulations, construction safety, and incident case studies. Meanwhile, through themed posters, health knowledge training, and contests, we continue to improve safety awareness of our employees.

We uphold a culture of equality, diversity, innovation, and zero tolerance for discrimination, fostering a transparent and trusting environment that values honesty and inclusiveness.

Community Relations Management

We consistently uphold the principle of balancing enterprise growth with social responsibility, actively engaging in various social welfare areas such as community development, education assistance, emergency relief, environmental conservation, and cultural and sports initiatives. Through dedicated charitable funds and donations, we diligently fulfill our corporate citizenship obligations, jointly fostering social value.

We aim to foster a culture of active engagement in public welfare among our employees, encouraging them to address social challenges through practical actions. Our "CATL Volunteer Service Team" has been driving charitable and volunteer initiatives since 2017. We also partner with non-profit organizations in our operating locations, providing donations to meet local community needs and help address social challenges.

Corporate Governance

Anti-corruption and Anti-bribery

We maintain firm adherence to regulatory compliance, and aim to create a work environment characterized by "compliance, integrity, and honesty." We have established a Code of Conduct Committee ("COC") under the Board of Directors, which has overall responsibility for integrity-building initiatives across all business units and subsidiaries. The COC is responsible for formulating the company's integrity-building policies, establishing comprehensive rules and procedures centered on anti-corruption and business ethics, investigating employees who violate the company's code of conduct, and reporting directly to the Board of Directors. We comprehensively enhance our anti-bribery management capabilities through integrity system building, fraud risk assessment, integrity culture education, and integrity supervision mechanisms.

LICENSES, PERMITS AND APPROVALS

We are subject to regular inspections, reviews and audits and are required to maintain or renew the permits, licenses and certifications necessary for our operations. During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licenses, approvals, and permits from the competent government departments and regulatory authorities that are material for our business operations in the jurisdictions where we operate.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. In accordance with the requirements of relevant laws and regulations, we take out social insurances for our employees working in China, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance. Our current insurances also cover, among others, property insurance, product liability insurance, environmental pollution liability insurance, cargo transportation insurance, and D&O liability insurance. We believe that our current insurance coverage is adequate to meet the needs of our operations and consistent with industry practices in China. For more information, please refer to "Risk Factors — Our insurance coverage is limited and may not cover all losses, which may increase our operating costs."

EMPLOYEES

As of September 30, 2024, we had a total of 126,145 employees, most of whom were based in China. The following table sets forth the number of our employees by function as of the same date.

Function	Number of employees	% of the total employees
Production	91,756	72.7
Technology	20,616	16.3
Administration	10,488	8.3
Sales	2,603	2.1
Finance	682	0.5
Total	**126,145**	**100.0**

We recruit employees primarily through referrals, headhunters, online job portals and campus job fairs. We offer new employee orientation training and regular on-the-job training to our employees. We and employees enter into individual employment contracts covering matters including salary, bonuses, employee benefits, confidentiality obligations, non-compete clauses, work product and intellectual property transfer clauses and reasons for contract termination. The remuneration packages of our employees include salary and bonuses, which are usually determined based on their seniority, performance appraisal and term of service. We also provide share incentives and promotion opportunities to motivate our employees.

Sharing success with employees and empowering them to grow is one of the core elements of our corporate culture. We always strive to provide employees with comprehensive social benefits, a safe working environment and diverse career development opportunities. Meanwhile, we strictly abide by the laws, regulations and standards on workplace safety in relevant countries and regions, and are committed to creating a safe and healthy working environment for employees, and ensuring the safety and physical and mental health of employees by implementing a highly efficient management system.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any labor disputes or strikes that could have a material and adverse effect on our business, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented comprehensive risk management policies, covering risks that may arise in R&D, procurement management, production management, sales management and new project construction. Meanwhile, we are dedicated to overseeing and accessing the effectiveness of risk management and internal control systems to ensure that these systems are corrected and effectively controlled during business development in a timely manner.

In order to monitor the continuous implementation of post-[**REDACTED**] risk management policies and corporate governance measures, we have taken or will continue to take risk management measures as follows:

- Our Board is responsible for monitoring our internal control system, assessing its effectiveness and maintaining suitable and effective risk tolerance levels.

- Our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures, and overseeing the implementation of risk management policies.

- Our financial affairs department, legal and compliance department, human resources department and other relevant departments are responsible for implementing our risk management policies and conducting daily risk management activities.

- When necessary, we engage external professional advisors to work with our internal audit and legal teams to conduct regular reviews to ensure the validity of all registrations, licenses, permits, filings and approvals.

OUR CONNECTED PERSONS

We engage in certain transactions with the following connected persons from time to time in our ordinary and usual course of business, which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the [**REDACTED**]:

Connected persons	Connected relationships
Fujian Contemporary Nebula Technology Energy Co., Ltd. ("**CNTE**")	As of the Latest Practicable Date, CNTE was indirectly controlled as to over 30% by our substantial shareholder, Mr. Huang Shilin. Therefore, CNTE is an associate of Mr. Huang Shilin and will become a connected person of our Company upon the [**REDACTED**].
Suzhou Contemporary Synland Technology Co., Ltd. ("**Synland**")	As of the Latest Practicable Date, Synland was a non-wholly owned subsidiary of our Company indirectly controlled as to 10% by our executive Director, Mr. Li Ping. Therefore, Synland is a connected subsidiary of our Company and will become a connected person of our Company upon the [**REDACTED**].
Ningbo Contemporary Brunp Lygend Co., Ltd. ("**CBL**") . . .	As of the Latest Practicable Date, CBL was a non-wholly owned subsidiary of our Company controlled as to approximately 12.57% by our substantial shareholder, Xiamen Ruiting. Therefore, CBL is a connected subsidiary of our Company and will become a connected person of our Company upon the [**REDACTED**].

OUR FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We engage in the following transactions with our connected persons from time to time and plan to continue these transactions after the [**REDACTED**]. The details of the relevant transactions are set out below:

Nature of the transactions	Counterparty	Pricing basis	Applicable Listing Rules
Procurement of commissioned processing services of energy storage related products . . .	CNTE	Determined after arm's length negotiations with reference to the costs of providing such services.	14A.76(1)
Sales of ESS battery related products and accessories . . .	CNTE	Determined after arm's length negotiations with reference to the market price.	14A.76(1)
Procurement of domain controller-related products and commissioned processing services	Synland	Determined after arm's length negotiations with reference to the market price and/or the cost of providing such services.	14A.76(1)
Provision of administrative, human resources and technical consultation services	CBL and its subsidiaries	Determined after arm's length negotiations with reference to the costs of providing such services.	14A.76(1)

As each of the above transactions is carried out in our ordinary and usual course of business on normal commercial terms and the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules is expected to be less than 0.1%, each of the above transactions will be fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

OUR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

We supply to Synland battery-related products and accessories (including but not limited to battery cells) as it may require from time to time (the "**Products Sale Transactions to Synland**"), and plan to continue these transactions after the [**REDACTED**]. The details of these transactions are set out below:

Nature of the transaction	Counterparty	Applicable Listing Rules	Waiver sought	Proposed annual cap for the year ending December 31, 2025
Sales of battery-related products and accessories . . .	Synland	14A.76(2)(a)	Announcement requirement	RMB480 million

Reasons for the Transaction

Synland is a non-wholly owned subsidiary of our Company, and is principally engaged in the R&D, manufacturing and sales of electric chassis of CV. We are familiar with the business requirements, quality standards and operational requirements of Synland for the relevant products and accessories. The supply to Synland facilitates the production and sales of its products, thereby expanding our Group's sales scale and driving our revenue growth.

Pricing Policies

The fees to be charged by our Group for the battery-related products and accessories supplied to Synland shall be determined through commercial negotiation between the parties on an arm's length basis, taking into account various factors including but not limited to product types, transaction volumes, production costs, and prices of products of similar natures that our Group supplies to other Independent Third Parties in the market.

Historical Transaction Amounts

For the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, the historical transaction amounts for our supply of battery-related products and accessories to Synland were approximately RMB5.99 million, RMB14.83 million and RMB10.75 million, respectively.

Proposed Annual Cap and Basis of Determination

For the year ending December 31, 2025, the proposed annual cap of the transaction amount to be paid to us by Synland for its purchase of our battery-related products and accessories is expected to be not more than RMB480 million.

The proposed annual cap is determined based on, among others, the following factors:

(i) the value of existing contracts and our anticipated supply of battery-related products and accessories to Synland in 2025, driven by its business development needs, especially in light of the fact that certain of Synland's products which were in the R&D stage during the Track Record Period are expected to commence mass manufacturing and sales in 2025, leading to increased demand for relevant battery products and accessories;

(ii) the historical transaction amounts for our sales of battery-related products and accessories to Synland during the Track Record Period; and

(iii) other factors, including but not limited to the projected unit prices of our battery-related products and accessories, which reflect costs and expenses including raw material costs, labor expenses, and prevailing market trends.

Listing Rules Implications

As the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules for the year ending December 31, 2025 is expected to exceed 0.1% but less than 5%, the Products Sale Transactions to Synland will constitute a partially-exempt continuing connected transaction of our Company after the [**REDACTED**] that are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waivers

As the Products Sale Transactions to Synland is expected to be conducted on a regular and ongoing basis as fully disclosed in this document, our Directors are of the view that compliance with the announcement requirements under Rule 14A.35 of the Listing Rules would be an unnecessary burden and in particular would create unnecessary administrative costs for our Company.

Accordingly, we have applied to the Stock Exchange and the Stock Exchange has [granted] a waiver for us from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in relation to the Products Sale Transactions to Synland, provided that the aggregate transaction amount of such continuing connected transactions for the year ending December 31, 2025 shall not exceed the proposed annual cap described above.

Director's Confirmation

Our Directors (including the independent non-executive Directors) are of the view that the above Products Sale Transactions to Synland have been and will continue to be entered into in our ordinary and usual course of business on normal commercial terms, the terms and proposed annual cap of which are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

Confirmation from the Joint Sponsors

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in connection with the aforesaid Products Sale Transactions to Synland; and (ii) engaged in due diligence review and discussions with the management of the Company.

On the basis of the foregoing, the Joint Sponsors are of the view that the aforementioned Products Sale Transactions to Synland (in respect of which a waiver is sought) have been entered into in the ordinary and usual course of business on normal commercial terms or better, the terms and proposed annual cap of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [**REDACTED**], the following persons will have interests or short positions (if applicable) in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders' general meetings of our Company:

					Immediately after the [REDACTED][(1)]	
Shareholders	**Nature of interests**	**Description of Shares**	**Number of Shares interested in under the SFO**	**Approximate % of the issued Shares of our Company as of the Latest Practicable Date**	**Approximate % of the A Shares of our Company**	**Approximate % of the issued Shares of our Company**
Dr. Zeng Yuqun[(2)]	Interest in controlled corporation	A Shares	1,024,704,949	23.27%	[23.27]%	[REDACTED]%
Xiamen Ruiting[(2)]	Beneficial owner	A Shares	1,024,704,949	23.27%	[23.27]%	[REDACTED]%
Mr. Huang Shilin[(3)]	Beneficial owner; Interest in controlled corporation	A Shares	469,621,309	10.66%	[10.66]%	[REDACTED]%
Ningbo United Innovation of New Energy Investment Management Partnership (Limited Partnership) ("**Ningbo United Innovation**")[(4)] .	Beneficial owner	A Shares	284,220,608	6.45%	[6.45]%	[REDACTED]%

Notes:

(1) Assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(2) As of the Latest Practicable Date, Xiamen Ruiting was owned as to 55% by Dr. Zeng Yuqun and 45% by Ruihua Investment, which was in turn wholly owned by Dr. Zeng Yuqun. Therefore, each of Dr. Zeng Yuqun and Ruihua Investment is deemed to be interested in the Shares held by Xiamen Ruiting under the SFO.

(3) As of the Latest Practicable Date, Mr. Huang Shilin (i) directly held 466,021,310 A Shares of our Company; and (ii) through Tongyi Jingyun No. 5 Private Securities Investment Fund, Tong Yi Chunxiao No. 3 Private Securities Investment Fund, Tong Yi Chunxiao No. 5 Private Securities Investment Fund, Tongyi Xiangyang No. 7 Private Securities Investment Fund, Tongyi Xiangyang No. 8 Private Securities Investment Fund and Tongyi Xiangyang No. 9 Private Securities Investment Fund, held a total of 3,599,999 A Shares of our Company. Therefore, Mr. Huang Shilin is deemed to be interested in the Shares held by Tongyi Jingyun No. 5 Private Securities Investment Fund, Tong Yi Chunxiao No. 3 Private Securities Investment Fund, Tong Yi Chunxiao No. 5 Private Securities Investment Fund, Tong Yi Xiangyang No. 7 Private Securities Investment Fund, Tongyi Xiangyang No. 8 Private Securities Investment Fund and Tongyi Xiangyang No. 9 Private Securities Investment Fund under the SFO.

(4) As of the Latest Practicable Date, (i) Mr. Pei Zhenhua contributed approximately 84.11% of the capital as a limited partner in Ningbo United Innovation, and Zhejiang University United Innovation Investment Management Partnership (Limited Partnership) (浙江浙大聯合創新投資管理合夥企業(有限合夥)) ("**ZJU United Innovation**") contributed approximately 0.12% as a general partner; (ii) Ningbo Meishan Free Trade Zone Port Area Shengshi Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區晟視創業投資合夥企業(有限合夥)) ("**Ningbo Shengshi**") contributed 40% of the capital as a limited partner in ZJU United Innovation, and Hangzhou Yilu Investment Management Partnership (Limited Partnership) (杭州一爐投資管理合夥企業(有限合夥)) ("**Hangzhou Yilu**") contributed 20% as a general partner; (iii) Mr. Lin Guang contributed approximately 60.07% of the capital as a general partner in Ningbo Shengshi; (iv) Ningbo Shengshi contributed approximately 99.01% of the capital as a limited partner in Hangzhou Yilu, and Hangzhou Agan Investment Management Co., Ltd. (杭州阿甘投資管理有限公司) ("**Hangzhou Agan**") contributed approximately 0.50% as a general partner; and (v) Hangzhou Agan was held as to approximately 59.59% by Mr. Lin Guang. Therefore, each of Mr. Pei Zhenhua, ZJU United Innovation, Ningbo Shengshi, Hangzhou Yilu, Mr. Lin Guang, Hangzhou Agan was deemed to be interested in the Shares held by Ningbo United Innovation under the SFO.

For further information on any other person who will be, immediately following completion of the [**REDACTED**], directly or indirectly, interested in 10% or more of the issued voting shares of our Major Subsidiaries, see "Appendix VI — Statutory and General Information — 3. Further Information about Directors, Supervisors, Chief Executive and Substantial Shareholders of Our Company — D. Interests of Substantial Shareholders in Shares of Our Company and/or Our Major Subsidiaries — (ii) Interests in Our Major Subsidiaries" to this document.

BOARD OF DIRECTORS

Our Board comprises nine Directors, including six executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by the Shareholders for a term of three years and are eligible for re-election upon expiry of their terms of office. According to the relevant PRC laws and regulations, an independent non-executive Director shall not serve for more than six consecutive years.

The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age	Positions	Roles and responsibilities	Time of first joining our Group	Time of first appointment as a Director
Dr. Zeng Yuqun (曾毓群).	56	Chairman of the Board, executive Director and general manager	Overall strategic planning and development of our Group	December 2011	December 2011
Mr. Pan Jian (潘健)	49	Co-chairman of the Board and executive Director	Management and business development of our Group	November 2014	November 2014
Mr. Li Ping (李平)	56	Vice chairman of the Board and executive Director	Management and business development of our Group	October 2014	November 2014
Mr. Zhou Jia (周佳)	47	Vice chairman of the Board and executive Director	Management and business development of our Group	December 2015	December 2015
Dr. Ouyang Chuying (歐陽楚英)	48	Executive Director	Management of R&D system of our Group	September 2019	August 2023
Mr. Zhao Fenggang (趙豐剛).	58	Executive Director	Management of R&D and engineering manufacturing systems of our Group	December 2015	December 2024

Name	Age	Positions	Roles and responsibilities	Time of first joining our Group	Time of first appointment as a Director
Dr. Wu Yuhui (吳育輝).	46	Independent non-executive Director	Supervising and providing independent opinion and judgment to the Board	August 2023	August 2023
Mr. Lin Xiaoxiong (林小雄).	63	Independent non-executive Director	Supervising and providing independent opinion and judgment to the Board	August 2023	August 2023
Dr. Zhao Bei (趙蓓)	67	Independent non-executive Director	Supervising and providing independent opinion and judgment to the Board	August 2023	August 2023

Executive Directors

Dr. Zeng Yuqun (曾毓群), aged 56, is our chairman of the Board, executive Director and general manager. Dr. Zeng is primarily responsible for the overall strategic planning and development of our Group.

Dr. Zeng founded our Group in December 2011 and served as our Director since our inception until May 2013, as our chairman of the Board since June 2017 and as our general manager since August 2022. He currently holds directorships in a number of subsidiaries of our Group.

Prior to joining our Group, Dr. Zeng served as (i) the president, chief executive officer and director of Amperex Technology Limited (新能源科技有限公司); (ii) the chairman of Ningde Amperex Technology Co., Ltd. (寧德新能源科技有限公司); (iii) the chairman and general manager of Dongguan Amperex Technology Co., Ltd. (東莞新能源科技有限公司) and Dongguan Amperex Electronic Technology Co., Ltd. (東莞新能源電子科技有限公司); (iv) the executive director of Dongguan NVT Technology Limited (東莞新能德科技有限公司); and (v) the vice president and senior vice president of TDK Corporation, a comprehensive electronic components manufacturer listed on the Tokyo Stock Exchange (stock code: 6762).

Dr. Zeng obtained a bachelor's degree from Shanghai Jiao Tong University (上海交通大學) in July 1989, and a Ph.D. in Physics in July 2006.

Mr. Pan Jian (潘健), aged 49, is our co-chairman of the Board and executive Director. Mr. Pan is primarily responsible for management and business development of our Group.

Mr. Pan joined our Group and served as our Director since November 2014. From June 2017 to January 2025, he has served successively as our vice chairman of the Board and Director, and was appointed as our co-chairman of the Board in January 2025.

Prior to joining our Group, Mr. Pan served as (i) a consulting advisor of A.T. Kearney Inc.; (ii) a consulting advisor of Bain & Company; (iii) vice president of the investment fund of MBK Partners; and (iv) the managing director of CDH Investments Management (Hong Kong) Limited.

Mr. Pan was (i) a non-executive director of Luye Pharma Group Ltd. (綠葉製藥集團有限公司), a company listed on the Stock Exchange (stock code: 2186); and (ii) a director of Shanghai M&G Stationery Inc. (上海晨光文具股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603899), from 2011 to May 2017 and has been an independent director since April 2023.

Mr. Pan obtained an MBA degree from University of Chicago in March 2005.

Mr. Li Ping (李平), aged 56, is our vice chairman of the Board and executive Director. Mr. Li is primarily responsible for management and business development of our Group.

Mr. Li joined our Group in October 2014 and served as our chairman of the Board from November 2014 to June 2017. He has been serving as our vice chairman of the Board since June 2017. He currently holds directorships in a number of subsidiaries of our Group. Mr. Li has been (i) an executive director of Shanghai Shida Investment Management Co., Ltd. (上海適達投資管理有限公司) since January 2014, and (ii) the chairman of Shanghai Pangu Dynamic Technology Co., Ltd. (上海盤轂動力科技股份有限公司) since May 2019.

Mr. Li obtained a bachelor's degree from Fudan University (復旦大學) in July 1989 and an EMBA degree from China Europe International Business School (中歐國際工商學院) in September 2005.

Mr. Zhou Jia (周佳), aged 47, is our vice chairman of the Board and executive Director. Mr. Zhou is primarily responsible for management and business development of our Group.

Mr. Zhou joined our Group in December 2015 and successively served as our Director, executive vice general manager, chief financial officer and general manager. He has been serving as our vice chairman of the Board since August 2022. He currently holds directorships in a number of subsidiaries of our Group.

Prior to joining our Group, Mr. Zhou served as (i) a strategic consulting advisor of Bain & Company, (ii) an investment manager of U.S. Capital Group, (iii) an executive director of CDH Jiaye (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (鼎暉嘉業(天津)股權投資基金合夥企業(有限合夥)), and (iv) the chief financial officer, senior human resources director and director of president office of Ningde Amperex Technology Co., Ltd. successively.

Mr. Zhou obtained an MBA degree from University of Chicago in June 2007.

Dr. Ouyang Chuying (歐陽楚英), aged 48, is our executive Director. Dr. Ouyang is primarily responsible for management of R&D system of our Group.

Dr. Ouyang joined our Group in September 2019 and currently serves as our co-president of R&D system and executive vice director of innovation laboratory. He has been serving as our Director since August 2023. He currently holds directorships and managerial positions in a number of subsidiaries of our Group.

Prior to joining our Group, since the 1990s, Dr. Ouyang has been engaged in scientific research in the field of physics. He had been a professor of Jiangxi Normal University (江西師範大學) since November 2009 and was its chief professor from 2012 to 2015. From January 2010 to December 2010, Dr. Ouyang was a visiting scholar at Korea Institute of Science and Technology.

Dr. Ouyang obtained a Ph.D. from the Institute of Physics, Chinese Academy of Sciences in July 2005. From August 2005 to August 2008, he was conducting post-doctoral research at Swiss Federal Institute of Technology of Lausanne.

Mr. Zhao Fenggang (趙豐剛), aged 58, is our executive Director. Mr. Zhao is primarily responsible for management of R&D and engineering manufacturing systems of our Group.

Mr. Zhao joined our Group in December 2015 and served as our vice president of engineering until December 2019, and currently serves as our co-president of R&D system and engineering manufacturing system. He has been serving as our Director since December 2024. He currently holds directorship in a subsidiary of our Group.

Prior to joining our Group, Mr. Zhao served as (i) a senior engineer of Sinopec Nanjing Chemical Industry Co., Ltd. (中國石化集團南京化學工業公司) from 1990 to 1998; (ii) a senior engineer of Dongguan Xinke Magnetic Power Plant (東莞新科磁電廠) from 1998 to 2000; (iii) the director of R&D of Dongguan Amperex Technology Co., Ltd. from 2000 to 2012; and (iv) the senior engineering director of Ningde Amperex Technology Co., Ltd. from 2012 to 2015.

Mr. Zhao obtained a master's degree in chemical physics from University of Science and Technology of China (中國科學技術大學) in September 1990.

Independent Non-executive Directors

Dr. Wu Yuhui (吳育輝), aged 46, is our independent non-executive Director. Dr. Wu is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Wu has been teaching at the School of Management of Xiamen University (廈門大學) since September 2010, and is now the vice dean, the head of the department of finance, a professor and a Ph.D. supervisor.

Dr. Wu has been holding or held independent directorships in multiple listed companies, including (i) an independent non-executive director of Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司), a company listed on both the Shanghai Stock Exchange (stock code: 600660) and the Stock Exchange (stock code: 3606), from October 2013 to October 2019; (ii) an independent director of Holitech Technology Co., Ltd. (合力泰科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002217), from April 2014 to December 2018; (iii) an independent director of YOOZOO Interactive Co., Ltd. (游族網絡股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002174), from October 2014 to February 2018; (iv) an independent director of Shenzhen Sunlord Electronics Co., Ltd. (深圳順絡電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002138), from October 2014 to December 2020; (v) an independent director of Shenzhen BGI Genomics Co., Ltd. (深圳華大基因股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300676), from June 2017 to June 2023; (vi) an independent director of Fujian Septwolves Industry Co., Ltd. (福建七匹狼實業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002029), from May 2020 to July 2022; (vii) an independent director of Qingdao Zhenghe Industrial Co., Ltd. (青島徵和工業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 003033), since November 2019; and (viii) an independent director of Xiamen C&D Corporation Limited (廈門建發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600153), since May 2022.

Dr. Wu obtained a Ph.D. in business administration (finance) from Xiamen University in September 2010. He is also a non-practicing member of Chinese Institute of Certified Public Accountants.

Mr. Lin Xiaoxiong (林小雄), aged 63, is our independent non-executive Director. Mr. Lin is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Lin has been serving as the chairman of Fujian Yacht Industry Development Association (福建省遊艇產業發展協會) since 2016 and the honorary chairman of Fujianese Business Research Association of Fujian Province (福建省閩商研究會). Prior to these roles, Mr. Lin served as (i) the division chief and assistant to the director of Xiamen Economic Development Commission (廈門市經濟發展委員會); (ii) the chairman and general manager of Xiamen King Long Motor Group Co., Ltd. (廈門金龍汽車集團股份有限公司) (formerly known as Xiamen Automobile Co., Ltd. (廈門汽車股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600686); (iii) the general manager of Xiamen State-owned Assets Investment Corporation (廈門國有資產投資公司); and (iv) the chairman of Xiamen Road & Bridge Construction Group Co., Ltd. (廈門路橋建設集團有限公司).

Mr. Lin obtained a bachelor of engineering in architecture materials from Nanjing Institute of Technology (南京工學院) (currently known as Southeast University (東南大學)) in July 1982 and an MBA degree from La Trobe University in September 2011. Mr. Lin also holds the qualification as senior engineer.

Dr. Zhao Bei (趙蓓), aged 67, is our independent non-executive Director. Dr. Zhao is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Zhao has been a professor and a Ph.D. supervisor at the School of Management of Xiamen University since 2005. Dr. Zhao previously (i) taught at Acadia University, Algoma University and Mount Allison University from 1989 to 1990, from 1990 to 1994 and from 1994 to 1996, respectively; and (ii) served as a personal financial manager at Royal Bank of Canada from 1995 to 1996.

Dr. Zhao has been holding or held independent directorships in multiple listed companies, including (i) an independent director of Fujian Septwolves Industry Co., Ltd. from April 2017 to July 2022; (ii) an independent director of Huaxia Eye Hospital Group Co., Ltd. (華廈眼科醫院集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301267), from December 2016 to December 2022; (iii) an independent director of Xiamen King Long Motor Group Co., Ltd. since September 2020; and (iv) an independent director of Anjoy Food Group Co., Ltd. (安井食品集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603345), since May 2023.

Dr. Zhao obtained a bachelor's degree in economics from Xiamen University in July 1982, an MBA degree from Dalhousie University in February 1986, and a Ph.D. from the University of Hong Kong in December 2003.

BOARD OF SUPERVISORS

Our Board of Supervisors consists of three Supervisors including one employee representative Supervisor. Our Supervisors serve a term of three years and may be re-elected for successive re-appointment. The following table sets forth the key information about our Supervisors as of the Latest Practicable Date.

Name	Age	Positions	Roles and responsibilities	Time of first joining our Group	Time of first appointment as a Supervisor
Mr. Wu Yingming (吳映明)	57	Chairman of the Board of Supervisors	Supervising the performance of duties by Directors and senior management	December 2015	December 2015
Ms. Feng Chunyan (馮春艷)	49	Supervisor	Supervising the performance of duties by Directors and senior management	January 2016	December 2016
Dr. Liu Na (柳娜)	45	Supervisor (employee representative Supervisor)	Supervising the performance of duties by Directors and senior management	January 2016	December 2021

Mr. Wu Yingming (吳映明), aged 57, is the chairman of our Board of Supervisors. He was appointed as a Supervisor in December 2015 and is primarily responsible for supervising the performance of duties by Directors and senior management.

Mr. Wu joined our Group in December 2015 and served as our procurement and information technology director until May 2017. Mr. Wu currently serves as our regional management head. He currently holds directorships and managerial positions in a number of subsidiaries of our Group.

Prior to joining our Group, Mr. Wu served as (i) the procurement and information technology director of Dongguan Amperex Technology Co., Ltd. from 2006 to 2012; and (ii) the procurement director of Ningde Amperex Technology Co., Ltd. from 2012 to 2015.

Mr. Wu obtained a bachelor's degree in computer software from Northeastern University of Technology (東北工學院) (currently known as Northeastern University (東北大學)) in July 1989.

Ms. Feng Chunyan (馮春艷), aged 49, was appointed as a Supervisor in December 2016 and is primarily responsible for supervising the performance of duties by Directors and senior management.

Ms. Feng joined our Group in January 2016 and served as our senior manager of president office until December 2016, and as our head of general management department from January 2017 to September 2020. Currently, Ms. Feng serves as our co-president of supply chain and operation system. Ms. Feng also holds directorships and managerial positions in a number of subsidiaries of our Group.

Prior to joining our Group, Ms. Feng served as (i) a process engineer of Dongguan Chengda Products Factory (東莞承達製品廠) from 1997 to 2002; (ii) a department manager of Dongguan Xinke Magnetic Power Plant (東莞新科磁電廠) from 2002 to 2011; and (iii) a senior manager of Ningde Amperex Technology Co., Ltd. from 2011 to 2015.

Ms. Feng obtained a bachelor's degree from Jiamusi University (佳木斯大學) in June 1997.

Dr. Liu Na (柳娜), aged 45, was appointed as a Supervisor in December 2021 and is primarily responsible for supervising the performance of duties by Directors and senior management.

Dr. Liu joined our Group in January 2016 and previously held the position as our senior chief engineer. Currently, Dr. Liu serves as our vice president of the research institute.

Prior to joining our Group, Dr. Liu served as (i) the chief engineer of Dongguan Amperex Technology Co., Ltd.; and (ii) the senior chief engineer of Ningde Amperex Technology Co., Ltd.

Dr. Liu obtained a Ph.D. from the Institute of Physics, Chinese Academy of Sciences in July 2006.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Positions	Roles and responsibilities	Time of first joining our Group	Time of first appointment as a senior management
Dr. Zeng Yuqun (曾毓群)	56	Chairman of the Board, executive Director and general manager	Overall strategic planning and development of our Group	December 2011	August 2022
Mr. Tan Libin (譚立斌)	56	Vice general manager	Sales operations of our Group	December 2015	December 2015
Mr. Jiang Li (蔣理)	45	Vice general manager and Board secretary	Board related matters, capital market matters and corporate governance of our Group	June 2017	June 2017
Mr. Zheng Shu (鄭舒)	45	Chief financial officer	Overall financial matters of our Group	April 2016	June 2017

Dr. Zeng Yuqun (曾毓群), aged 56, is our general manager. For his biography, see "— Board of Directors — Executive Directors."

Mr. Tan Libin (譚立斌), aged 56, is our vice general manager. Mr. Tan is primarily responsible for sales operations of our Group.

Mr. Tan joined our Group in December 2015 and served as our Director until May 2017. Currently, he serves as our vice general manager, chief customer officer and co-president of marketing system.

Prior to joining our Group, Mr. Tan served as (i) a department manager of Dongguan Xinke Magnetic Power Plant from 1991 to 1998; (ii) the NPI manager of Dell (China) Computer Co., Ltd. (戴爾(中國)計算機公司) from 1999 to 2001; (iii) the sales manager of Dongguan Amperex Electronic Technology Co., Ltd. from 2001 to 2004; (iv) the sales director of Dongguan Amperex Technology Co., Ltd. from 2004 to 2013; and (v) the vice president of sales of Ningde Amperex Technology Co., Ltd. from 2013 to 2015.

Mr. Tan obtained a bachelor's degree in mechanical design and manufacture from Zhejiang University (浙江大學) in July 1991.

Mr. Jiang Li (蔣理), aged 45, is our vice general manager and Board secretary. Joining our Group in June 2017, Mr. Jiang is primarily responsible for Board related matters, capital market matters and corporate governance of our Group. He currently holds directorships and managerial positions in a number of subsidiaries of our Group.

Prior to joining our Group, Mr. Jiang served as (i) an associate of investment banking department of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a company listed on both the Shanghai Stock Exchange (stock code: 601881) and the Stock Exchange (stock code: 6881), from 2004 to 2007; (ii) the associate director, director and executive director of investment banking department of UBS Securities Co., Ltd. (瑞銀證券有限責任公司) successively from 2008 to 2015; and (iii) the office manager of the board of directors of CDB Securities Company Limited (國開證券有限責任公司) from 2015 to 2017.

Mr. Jiang obtained a master's degree in finance from Peking University (北京大學) in June 2004.

Mr. Zheng Shu (鄭舒), aged 45, is our chief financial officer. Mr. Zheng is primarily responsible for overall financial matters of our Group.

Mr. Zheng joined our Group in April 2016 and served as our head of financial department. He has been serving as our chief financial officer since June 2017. He currently holds directorships and managerial positions in a number of subsidiaries of our Group.

Prior to joining our Group, Mr. Zheng served as (i) the vice manager of financial department at Fujian branch of China Tietong Telecommunications Corporation (中國鐵通集團有限公司) from 2002 to 2006; (ii) the budget manager of overseas regions of Huawei Technologies Co., Ltd. (華為技術有限公司) and financial manager of its subsidiary from 2006 to 2009; (iii) the general manager of financial department of Oneding Silicon Steel Group Company Limited (萬鼎硅鋼集團有限公司) from 2009 to 2013; and (iv) the chief financial officer of Changyou.com Limited (搜狐暢遊), a company listed on the NASDAQ (stock code: CYOU) from 2013 to 2016.

Mr. Zheng obtained dual bachelor's degrees in accounting and in computer science and technology from Fuzhou University (福州大學) in July 2002. Mr. Zheng is also a Chartered Institute of Management Accountant (CIMA) and a Chartered Global Management Accountant (CGMA).

OTHER INFORMATION IN RELATION TO OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no material matters relating to their appointment as a Director or Supervisor that need to be brought to the attention of our Shareholders and there is no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed above, none of our Directors, Supervisors and senior management held any directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document.

None of our Directors, Supervisors and senior management is related to other Directors, Supervisors and senior management.

JOINT COMPANY SECRETARIES

Mr. Jiang Li (蔣理) will be one of our joint company secretaries with effect from the [**REDACTED**]. For details of his biography, see "— Senior Management."

Ms. Jian Xuegen (簡雪艮) will be one of our joint company secretaries with effect from the [**REDACTED**].

Ms. Jian is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Jian obtained her bachelor's degree of accounting from the South China University of Technology (華南理工大學) in July 2008. She is a member of the Hong Kong Institute of Certified Public Accountants. She is also a member of the Chinese Institute of Certified Public Accountants.

BOARD COMMITTEES

Our Company has established four committees under the Board in accordance with the relevant laws and regulations in mainland China, the Articles of Association and the Corporate Governance Code under the Listing Rules, including the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee.

Strategy Committee

We have established the Strategy Committee in compliance with the Articles of Association. The primary duties of the Strategy Committee are to review our Company's long-term development strategies and major investment decisions, and to make recommendations to our Board. The Strategy Committee comprises six executive Directors, namely Dr. Zeng Yuqun, Mr. Pan Jian, Mr. Li Ping, Mr. Zhou Jia, Dr. Ouyang Chuying and Mr. Zhao Fenggang. Dr. Zeng Yuqun is the chairperson of the Strategy Committee.

Audit Committee

We have established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review our Company's financial information and its disclosure, supervise and evaluate internal and external audit work and internal control, and to provide our Board with professional advice. The Audit Committee comprises three independent non-executive Directors, namely, Dr. Wu Yuhui, Mr. Lin Xiaoxiong and Dr. Zhao Bei. Dr. Wu Yuhui is the chairperson of the Audit Committee. He holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination Committee

We have established the Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to assess the candidates and review selection criteria and procedures for Directors and senior management, and to make recommendations to the Board. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Mr. Lin Xiaoxiong, Dr. Wu Yuhui and Dr. Zeng Yuqun. Mr. Lin Xiaoxiong is the chairperson of the Nomination Committee.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to formulate the appraisal standards for Directors and senior management, conduct appraisal, and formulate and review the remuneration policies and proposals for Directors and senior management. The Remuneration and Appraisal Committee comprises one executive Director and two independent non-executive Directors, namely, Dr. Zhao Bei, Mr. Lin Xiaoxiong and Mr. Li Ping. Dr. Zhao Bei is the chairperson of the Remuneration and Appraisal Committee.

CORPORATE GOVERNANCE CODE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability. Our Company intends to comply with all code provisions in the Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**] apart from code provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual.

The roles of chairman of the Board and general manager of our Company are currently performed by Dr. Zeng Yuqun. In view of Dr. Zeng Yuqun's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. Zeng Yuqun acting as both our chairman of the Board and general manager will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Zeng Yuqun continues to act as both our chairman of the Board and general manager after the [**REDACTED**], and therefore currently do not propose to separate the functions of chairman of the Board and general manager. While this would constitute a deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (a) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (b) Dr. Zeng Yuqun and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (c) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether the separation of the roles of chairman of the Board and general manager is necessary.

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the principal business operations of our Group are conducted outside of Hong Kong, our Company does not and for the foreseeable future will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted] us, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For details, see "Waivers and Exemptions — Management Presence in Hong Kong."

BOARD DIVERSITY POLICY

Our Company [has] adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. In particular, our Company currently has one female Director in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board diversity policy. Pursuant to the board diversity policy, after the [**REDACTED**], the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors, Supervisors and senior management who receive remuneration from our Company are paid in forms of fees, salaries, allowances, discretionary bonuses, benefits in kind, retirement scheme contributions and share-based compensation. When reviewing and determining the specific remuneration packages for our Directors, Supervisors and senior management, the Shareholders' meetings and the Board of Directors take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

For the two years ended December 31, 2023 and the nine months ended September 30, 2024, the total amount of remuneration paid to our Directors and Supervisors were RMB21.9 million, RMB34.8 million and RMB21.1 million, respectively.

For the two years ended December 31, 2023 and the nine months ended September 30, 2024, the total emoluments paid to the five highest paid individuals (excluding two, one and nil Director(s)) by us amounted to RMB15.8 million, RMB49.7 million and RMB79.7 million, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals.

For more details on remuneration paid to our Directors, Supervisors and senior management and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period, see Notes 9 and 10 to the Accountants' Report as set out in Appendix I to this document; and for details regarding the Share Incentives granted to our Directors and senior management, see "Appendix VI — Statutory and General Information — 4. Share Incentive Plans" to this document.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 20, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she had no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Rule 8.10 of the Listing Rules

Each of our Directors (excluding our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISOR

We have appointed China Securities (International) Corporate Finance Company Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular, or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases; and

(iii) where we propose to [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or trading volume of its [**REDACTED**] or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we disclosure our financial results in compliance with Rule 13.46 of the Listing Rules for the first full financial year commencing after the [**REDACTED**].

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in "Appendix I — Accountants' Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with the IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, the actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a globally leading innovative new energy technology company, primarily engaged in the research, development, production, and sales of EV batteries and ESS batteries. We aim to drive the transition from mobile and stationary fossil energy sources to sustainable alternatives, as well as creating integrated innovative solutions for new applications through advancements in electrification and intelligent technologies. By the end of September 2024, we had established six major R&D centers and 13 battery manufacturing bases worldwide, with service outlets spanning 64 countries and regions. We have the broadest coverage of customer and end-user base globally. By the end of November 2024, our EV batteries were installed in approximately 17 million vehicles, which represents one in every three EVs worldwide, and our ESS batteries were deployed in over 1,700 projects across the globe.

Leveraging decades of extensive experience we have accumulated in the lithium-ion battery industry, we have developed proprietary full-chain and highly efficient R&D capabilities, which lead to our comprehensive and advanced matrix of products and solution. It can be applied to passenger vehicle (PV), commercial vehicle (CV), front-of-the-meter (FTM) energy storage system, behind-the-meter (BTM) energy storage system, and emerging applications such as machinery, vessels, aircraft and others. Our products effectively meet the evolving and diverse needs of global customers.

Our revenue increased by 22.0% from RMB328.6 billion in 2022 to RMB400.9 billion in 2023. For the nine months ended September 30, 2024, our revenue reached RMB259.0 billion. Our profit increased by 41.5% from RMB33.5 billion in 2022 to RMB47.3 billion in 2023. For the nine months ended September 30, 2024, our profit was RMB38.8 billion.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, including but not limited to the following.

Growing NEV and EV Battery Markets

The expansion of low-carbon transportation ecosystem is driving the rising penetration of NEV. According to the GGII Report, the global sales volume of NEV increased from 3.2 million units in 2020 to 17.5 million units in 2024 with a CAGR of 52.9%. The global EV battery shipments increased from 182 GWh in 2020 to 974 GWh in 2024, with a CAGR of 52.0%, driven by the increasing sales volume of NEV across end markets. The continuous growth of the global NEV market provides a strong foundation for our increasing operating results.

Growing ESS Market

As clean energy transition gains momentum around the globe, renewable energy such as wind and solar power is experiencing rapid growth. According to the GGII Report, the global cumulative installed capacity of wind and solar power grew from 1,505 GW in 2020 to 3,555 GW in 2024 with a CAGR of 24.0%. The development of renewable energy has propelled global ESS battery shipments, which increased from 27 GWh in 2020 to 300 GWh in 2024 with a CAGR of 82.5%. Robust growth in the ESS market has driven, and will continue to drive, our operating results.

Ability to Continuously Develop New Products and Attract Customer Orders

We have the broadest customer and end-user coverage, having established long-term and deep strategic partnerships with many automotive OEMs and ESS customers globally. Through product innovation, we are able to address diverse market demands. Our ability to consistently develop and launch new products while attracting customer orders is critical to our market share expansion and revenue growth.

Expansion into Emerging Business Areas

Aside from our EV and ESS battery business, we are actively expanding into emerging new energy applications such as machinery, vessels, aircraft and others. We have introduced new innovative solutions such as Skateboard Chassis and battery swapping, thus accelerating total electrification. Our ability to effectively expand into new emerging areas and launching innovative solutions are key factors driving our future revenue growth and profitability.

Cost Control and Operational Efficiency

Our cost of sales primarily consists of direct material cost. We enhance our production efficiency and reduce production costs through technological innovation and supply chain management. In addition, our operating expenses include research and development expenses, administrative and other operational expenses, and selling expenses, among others. Our ability to improve operational efficiency and maintain effective cost control will also affect our results of operations.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with the IFRSs. All IFRSs that are effective for the accounting period beginning on January 1, 2024, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Our accounting policies may require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results during the Track Record Period. Amendments to accounting standards, implementation of new standards and changes in accounting policies may also require us to adjust the presentation of our financial statements, which could materially impact the comparability of our financial metrics and our reported results of operations.

Set forth below are discussions of the accounting policies that we believe are most significant to us or involve the most critical estimates, assumptions and judgments used in the preparation of our financial statements. Other material accounting policies, critical estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 3.2 and 4 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Revenue mainly arises from the following major sources:

(i) sales of EV batteries;

(ii) sales of ESS batteries;

(iii) sales of battery materials from recycling process;

(iv) sales of battery mineral resources; and

(v) others.

To determine whether to recognize revenue, we follow a 5-step process:

1. Identifying the contract with a customer;

2. Identifying the performance obligations;

3. Determining the transaction price;

4. Allocating the transaction price to the performance obligations; and

5. Recognizing revenue when or as performance obligations are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when we satisfy performance obligations by transferring the promised goods or services to our customers.

Further details of our revenue and other income recognition policies are as follows:

Sale of Goods

Revenue from sale of goods between us and our customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time. Revenue for domestic sale of goods is recognized when we have delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers. Revenue for overseas sale of goods is recognized when we have declared the goods for customs clearance in accordance with the contract terms, and has obtained a customs clearance or received acceptance and other proof of receipt from the customers.

We provide after-sale service fee for its goods and makes the respective provisions. We do not provide any other additional services or after-sale service, therefore, such after-sale service does not constitute a separate performance obligation.

We have entered into contracts with certain customers that include sale rebate terms that may have a variable consideration. We make the best estimate of the variable consideration on the basis of the expected value or the amount that is most likely to be incurred, provided that the transaction price containing the variable consideration does not exceed the amount at which it is highly probable that a material reversal of the cumulative recognized revenue will occur when the related uncertainty is eliminated.

Provision of Services

Revenue from provision of services between us and our customers generally include technical services. If the customers obtain and consume the economic benefits brought by our performance when we have performed our obligations, we may treat our performance obligation has been satisfied within a certain period of time and recognize the respective revenue over time, except for those revenue where the progress of performance cannot be reasonably determined.

Revenue from provision of services is recognized when we have satisfied the corresponding performance obligation in accordance with the contract terms, and have received acceptance and other proof of receipt form the customers.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Interest Income

Interest income is recognized on a time proportion basis using the effective interest method. For financial assets measured at amortized cost 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 amortized cost (i.e., gross carrying amount net of expected credit losses ("ECL") allowance) of the asset.

Estimation of Impairment of Trade and Bills Receivables and Contract Assets

We make allowances on trade and bills receivables and contract assets based on assumptions about risk of default and expected loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. As of December 31, 2022 and 2023 and September 30, 2024, the aggregate carrying amounts of trade and bills receivables and contract assets amounted to RMB61.7 billion (net of ECL allowance of RMB1.8 billion), RMB66.0 billion (net of ECL allowance of RMB2.1 billion) and RMB67.4 billion (net of ECL allowance of RMB2.9 billion), respectively.

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables and contract assets, and credit losses in the periods in which such estimate has been changed.

Impairment of Non-financial Assets (Other than Contract Assets)

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of a subsidiary;
- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- Our investments in subsidiaries, associates and joint ventures.

Goodwill and intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU sub-level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognized for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Estimation of Fair Value of Financial Instruments not Traded in an Active Market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each period during the Track Record Period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy, see Note 45 to the Accountants' Report as set out in Appendix I to this document.

Impairment of Property, Plant and Equipment, Intangible Assets with Finite Useful Lives and Right-of-use Assets

Property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are stated at costs less accumulated depreciation or amortization and impairment, if any. In determining whether an asset is impaired, we have to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying amount 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 (iii) the appropriate key assumptions to be applied in estimating the recoverable amount, 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), we estimate the recoverable amount of the CGU 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.

As of December 31, 2022 and 2023 and September 30, 2024, the aggregate carrying amounts of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets amounted to RMB137.1 billion (net of impairment losses of RMB0.6 billion), RMB161.1 billion (net of impairment loss of RMB5.5 billion) and RMB155.7 billion (net of impairment losses of RMB10.3 billion), respectively.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
					(Unaudited)			
Revenue	328,593,988	100.0	400,917,045	100.0	294,677,251	100.0	259,044,749	100.0
Cost of sales	(270,629,780)	(82.4)	(323,982,130)	(80.8)	(237,675,466)	(80.7)	(194,352,590)	(75.0)
Gross profit	**57,964,208**	**17.6**	**76,934,915**	**19.2**	**57,001,785**	**19.3**	**64,692,159**	**25.0**
Research and development expenses	(15,510,453)	(4.7)	(18,356,108)	(4.6)	(14,875,734)	(5.0)	(13,073,136)	(5.0)
Administrative and other operating expenses	(8,103,787)	(2.5)	(10,526,439)	(2.6)	(8,217,842)	(2.8)	(8,488,817)	(3.3)
Selling expenses	(2,519,230)	(0.8)	(3,042,744)	(0.8)	(2,642,679)	(0.9)	(2,608,018)	(1.0)
Other income	7,047,244	2.1	14,883,428	3.7	10,131,710	3.4	14,081,544	5.4
Other gains and losses, net	1,285,908	0.4	410,724	0.1	(95,445)	(0.0)	(1,014,030)	(0.4)
Impairment losses	(3,973,175)	(1.2)	(6,107,968)	(1.5)	(3,096,622)	(1.1)	(7,543,427)	(2.9)
Finance costs	(2,132,375)	(0.6)	(3,446,516)	(0.9)	(2,317,681)	(0.8)	(2,966,060)	(1.1)
Share of results of associates and joint ventures, net	2,614,517	0.8	3,745,762	0.9	1,307,678	0.4	2,712,745	1.0
Profit before income tax	**36,672,857**	**11.2**	**54,495,054**	**13.6**	**37,195,170**	**12.6**	**45,792,960**	**17.7**
Income tax expense	(3,215,713)	(1.0)	(7,153,019)	(1.8)	(4,650,152)	(1.6)	(6,987,231)	(2.7)
Profit for the year/period	**33,457,144**	**10.2**	**47,342,035**	**11.8**	**32,545,018**	**11.0**	**38,805,729**	**15.0**
Profit for the year/period attributable to:								
Owners of the Company	30,729,164	9.4	44,702,249	11.1	31,174,229	10.6	36,073,548	13.9
Non-controlling interests	2,727,980	0.8	2,639,786	0.7	1,370,789	0.5	2,732,181	1.1

Revenue

During the Track Record Period, our revenue was derived primarily from EV batteries, ESS batteries, battery materials and recycling, and battery mineral resources.

The following table sets forth the breakdown of our revenue by product type for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
EV batteries	236,593,497	72.0	285,252,917	71.2	212,604,509	72.1	175,542,789	67.8
ESS batteries	44,980,277	13.7	59,900,522	14.9	41,699,132	14.2	46,418,980	17.9
Battery materials and recycling	26,031,514	7.9	33,602,284	8.4	24,740,746	8.4	18,820,505	7.3
Battery mineral resources	4,508,633	1.4	7,734,151	1.9	5,967,306	2.0	4,526,676	1.7
Others [(1)]	16,480,067	5.0	14,427,171	3.6	9,665,558	3.3	13,735,799	5.3
Total	**328,593,988**	**100.0**	**400,917,045**	**100.0**	**294,677,251**	**100.0**	**259,044,749**	**100.0**

Note:

(1) Primarily including revenue generated from (i) sales of raw materials and scrap materials, and (ii) provision of research and development services.

The EV batteries we sell primarily include battery cells, battery modules/racks and battery packs. Our revenue from sales of EV batteries increased by 20.6% from RMB236.6 billion in 2022 to RMB285.3 billion in 2023, primarily driven by the increasing customer demand for our products. Our revenue from sales of EV batteries decreased by 17.4% from RMB212.6 billion for the nine months ended September 30, 2023 to RMB175.5 billion for the nine months ended September 30, 2024, mainly due to a reduction in our average selling price in response to decrease in the prices of raw materials, including lithium carbonate, despite increased sales volumes. During the Track Record Period, the sales volume of our EV batteries continued to grow, primarily attributable to (i) our technological advantages, economies of scale, and strong customer base in the EV battery sector, and (ii) the rapid expansion of the NEV industry that drove the sustained growth in global demand for EV batteries.

Our revenue from sales of ESS batteries increased by 33.2% from RMB45.0 billion in 2022 to RMB59.9 billion in 2023, and increased by 11.3% from RMB41.7 billion for the nine months ended September 30, 2023 to RMB46.4 billion for the nine months ended September 30, 2024. Such increase was primarily attributable to (i) increasing adoption of renewable energy worldwide, and (ii) advancements in ESS battery technology and declining costs led to the expansion of ESS application. This has contributed to substantial demand growth for our ESS batteries, resulting in an increasing share of ESS battery sales in our total revenue.

The following table sets forth a geographic breakdown of our revenue for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Mainland China	251,670,828	76.6	269,924,895	67.3	197,285,988	66.9	178,977,485	69.1
Other countries/ regions	76,923,160	23.4	130,992,150	32.7	97,391,263	33.1	80,067,264	30.9
Total	**328,593,988**	**100.0**	**400,917,045**	**100.0**	**294,677,251**	**100.0**	**259,044,749**	**100.0**

Cost of Sales

Our cost of sales primarily consisted of (i) cost of direct materials for battery production, primarily including cathode, anode, separator and electrolyte, and (ii) others, including employee benefits, depreciation and amortization, logistics and transportation expenses and after-sales service expenses.

The following table sets forth the breakdown of our cost of sales by nature for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Direct materials	226,656,083	83.8	255,662,877	78.9	192,285,179	80.9	146,350,209	75.3
Others	43,973,697	16.2	68,319,253	21.1	45,390,287	19.1	48,002,381	24.7
Total	**270,629,780**	**100.0**	**323,982,130**	**100.0**	**237,675,466**	**100.0**	**194,352,590**	**100.0**

During the Track Record Period, our cost of sales primarily consisted of the cost of direct materials for battery production. Our cost of sales increased by 19.7% from RMB270.6 billion in 2022 to RMB324.0 billion in 2023, primarily due to increased sales volume, partially offset by a decline in raw material prices. Our cost of sales decreased by 18.2% from RMB237.7 billion for the nine months ended September 30, 2023 to RMB194.4 billion for the same period in 2024, primarily due to decrease in the prices of raw materials, including lithium carbonate, partially offset by the increase in sales volume.

The following table sets forth the breakdown of our cost of sales by product type for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
EV batteries	203,174,610	75.1	233,547,579	72.1	175,346,867	73.8	132,929,405	68.4
ESS batteries	38,698,025	14.3	48,726,092	15.0	33,158,314	14.0	33,219,240	17.1
Battery materials and recycling	20,506,030	7.6	29,777,745	9.2	21,035,504	8.9	16,728,862	8.6
Battery mineral resources	3,956,846	1.5	6,197,890	1.9	4,958,867	2.1	4,262,703	2.2
Others[(1)]	4,294,269	1.6	5,732,824	1.8	3,175,914	1.3	7,212,380	3.7
Total	**270,629,780**	**100.0**	**323,982,130**	**100.0**	**237,675,466**	**100.0**	**194,352,590**	**100.0**

Note:

(1) Primarily including the cost of sales related to (i) sales of raw materials and scrap materials, and (ii) provision of research and development services.

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by product type for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
EV batteries	33,418,887	14.1	51,705,338	18.1	37,257,642	17.5	42,613,384	24.3
ESS batteries	6,282,252	14.0	11,174,430	18.7	8,540,818	20.5	13,199,740	28.4
Battery materials and recycling	5,525,484	21.2	3,824,539	11.4	3,705,242	15.0	2,091,643	11.1
Battery mineral resources	551,787	12.2	1,536,261	19.9	1,008,439	16.9	263,973	5.8
Others	12,185,798	73.9	8,694,347	60.3	6,489,644	67.1	6,523,419	47.5
Total	**57,964,208**	**17.6**	**76,934,915**	**19.2**	**57,001,785**	**19.3**	**64,692,159**	**25.0**

Our gross profit increased by 32.7% from RMB58.0 billion in 2022 to RMB76.9 billion in 2023, and increased by 13.5% from RMB57.0 billion for the nine months ended September 30, 2023 to RMB64.7 billion for the nine months ended September 30, 2024. Our gross profit margin increased from 17.6% in 2022 to 19.2% in 2023, and further increased from 19.3% for the nine months ended September 30, 2023 to 25.0% for the nine months ended September 30, 2024. Our gross profit margin showed continued growth during the Track Record Period, mainly because (i) the unit economics of our battery products remained stable while increasing, driven by the scaled commercial application of our innovative products, such as Qilin battery and Shenxing battery, which gained wide customer recognition following their market launch; and (ii) the average selling price of our battery products was reduced in response to decrease in the cost of raw materials including lithium carbonate. This, combined with our stable and improving unit economics, led to the consequent increase of our gross profit margin.

Research and Development Expenses

Our research and development expenses primarily consisted of employee benefit expenses and material costs. The following table sets forth the breakdown of our research and development expenses for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Employee benefit expenses	6,139,594	39.6	7,421,248	40.4	6,095,833	41.0	6,233,063	47.7
Material costs	6,364,041	41.0	5,396,630	29.4	4,805,681	32.3	3,665,621	28.0
Others	3,006,818	19.4	5,538,230	30.2	3,974,220	26.7	3,174,452	24.3
Total	**15,510,453**	**100.0**	**18,356,108**	**100.0**	**14,875,734**	**100.0**	**13,073,136**	**100.0**

Our research and development expenses as a percentage of our revenue remained stable during the Track Record Period, accounting for 4.7%, 4.6%, 5.0% and 5.0% of our revenue in 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively. We pursue iterative innovation in battery materials, electrochemistry, and system structures, making significant investments in research and development, with employee benefits for our R&D personnel continuously increasing both in absolute amount and as a percentage of total research and development expenses.

Administrative and Other Operating Expenses

Our administrative and other operating expenses primarily consisted of employee benefits, taxes and surcharges, depreciation and amortization costs, and administrative and office expenses. The following table sets forth the breakdown of our administrative and other operating expenses for the years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000* (*Unaudited*)	%	*RMB'000*	%
Employee benefit expenses	4,177,011	51.5	4,551,375	43.2	4,237,126	51.6	3,462,186	40.8
Taxes and surcharges	907,484	11.2	1,695,508	16.1	1,105,083	13.4	1,557,474	18.3
Depreciation and amortization costs	927,730	11.4	1,577,059	15.0	1,255,595	15.3	1,547,835	18.2
Administrative and office expenses	760,790	9.4	736,399	7.0	542,709	6.6	852,593	10.0
Share-based payments	178,691	2.2	262,482	2.5	175,932	2.1	295,941	3.5
Business expenses	107,078	1.3	184,114	1.7	123,304	1.5	164,749	1.9
Service fees	217,632	2.7	369,107	3.5	194,937	2.4	156,886	1.8
Others	827,371	10.2	1,150,395	10.9	583,156	7.1	451,153	5.3
Total	**8,103,787**	**100.0**	**10,526,439**	**100.0**	**8,217,842**	**100.0**	**8,488,817**	**100.0**

Our administrative and other operating expenses as a percentage of our revenue remained stable during the Track Record Period, accounting for 2.5%, 2.6%, 2.8% and 3.3% of our revenue in 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively. As our business scale expanded, taxes and surcharges increased both in absolute amount and as a percentage of administrative and other operating expenses, while we remained focused on the continuous optimization of our administrative and other operating expenses.

Selling Expenses

Our selling expenses primarily consisted of employee benefit expenses, as well as administrative and office expenses. In 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our selling expenses amounted to RMB2.5 billion, RMB3.0 billion, RMB2.6 billion and RMB2.6 billion, respectively.

Our selling expenses as a percentage of our revenue remained stable during the Track Record Period, accounting for 0.8%, 0.8%, 0.9%, and 1.0% of our revenue in 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively.

Other Income

Our other income primarily consisted of interest income. Our other income increased from RMB7.0 billion in 2022 to RMB14.9 billion in 2023, and increased from RMB10.1 billion for the nine months ended September 30, 2023 to RMB14.1 billion for the same period in 2024.

Other Gains and Losses, Net

The following table sets forth a breakdown of our net other gains and losses for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB'000			
			(Unaudited)	
Fair value gains on financial assets at fair value through profit or loss ("FVTPL")	400,241	46,270	215,303	190,410
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets	(43,252)	(38,574)	(41,318)	(2,805)
Gains on disposal/deemed disposal of investments in subsidiaries, associates and joint ventures, net	354,947	328,073	1,244,232	360,104
Interest income from financial assets at FVTPL	52,937	26,759	13,772	92,810
Losses from derecognition of financial assets at FVTOCI	(530,397)	(636,725)	(384,361)	(299,554)
Net foreign exchange gains/(losses)	1,162,628	421,518	(1,337,459)	(1,109,380)
Others	(111,196)	263,403	194,386	(245,615)
Total	**1,285,908**	**410,724**	**(95,445)**	**(1,014,030)**

Impairment Losses

During the Track Record Period, our impairment losses were primarily related to inventories, property, plant and equipment, intangible assets, and trade and other receivables. In 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our impairment losses amounted to RMB4.0 billion, RMB6.1 billion, RMB3.1 billion and RMB7.5 billion, respectively.

Finance Costs

Our finance costs primarily consisted of interest expense on borrowings.

The following table sets forth the breakdown of our finance costs for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB'000			
			(Unaudited)	
Interest expense on borrowings	2,167,340	3,720,103	2,447,788	3,138,124
Interest expense on lease liabilities	27,977	17,783	13,500	35,964
	2,195,317	3,737,886	2,461,288	3,174,088
Less: interest capitalized	(62,942)	(291,370)	(143,607)	(208,028)
	2,132,375	**3,446,516**	**2,317,681**	**2,966,060**

Share of Results of Associates and Joint Ventures, Net

Our net share of results of associates and joint ventures primarily represented our share of profits or losses from long-term investments in associates and joint ventures. We recorded share of net results of associates and joint ventures of RMB2.6 billion, RMB3.7 billion, RMB1.3 billion and RMB2.7 billion in 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively. For details of the associates and joint ventures we invested in during the Track Record Period, see Note 20 to the Accountants' Report as set out in Appendix I to this document.

Income Tax Expense

Our income tax primarily consisted of current income tax and deferred income tax. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, we recorded income tax expenses of RMB3.2 billion, RMB7.2 billion, RMB4.7 billion and RMB7.0 billion, respectively. We are subject to different tax rates in different jurisdictions.

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in mainland China was calculated at the statutory tax rate of 25% on the estimated assessable profits during the Track Record Period. Several of our subsidiaries in mainland China qualified as high-tech enterprises, and several subsidiaries' operations fell within the scope of China's Western Development Program. Accordingly, they enjoyed a preferential income tax rate of 15% for the Track Record Period. Pursuant to the relevant laws and regulations, one of our subsidiaries in mainland China qualified as a key software enterprise encouraged by the state. This subsidiary is entitled to an enterprise income tax exemption for its first five profitable years, and will be taxed at 10% starting from the sixth year. This subsidiary first recorded profit in 2022.

The provision for Hong Kong profits tax is generally calculated at 16.5% of the estimated assessable profits. Taxation for our overseas subsidiaries is calculated at the tax rates prevailing in the relevant jurisdictions.

During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities which may have a material adverse impact on our business, financial position and results of operations.

Profits for the Year/Period

We recorded a profit of RMB33.5 billion, RMB47.3 billion, RMB32.5 billion and RMB38.8 billion in 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Revenue

Our revenue decreased by 12.1% from RMB294.7 billion for the nine months ended September 30, 2023 to RMB259.0 billion for the nine months ended September 30, 2024. This decrease was primarily due to a reduction in our average selling price in response to decrease in the prices of raw materials, despite sales volume growth in both EV batteries and ESS batteries.

Our revenue generated from sales of EV batteries decreased by 17.4% from RMB212.6 billion for the nine months ended September 30, 2023 to RMB175.5 billion for the nine months ended September 30, 2024. This decrease was mainly due to a reduction in our average selling price in response to decrease in the prices of raw materials, including lithium carbonate, despite the increased sales volume of our EV batteries.

Our revenue generated from sales of ESS batteries increased by 11.3% from RMB41.7 billion for the nine months ended September 30, 2023 to RMB46.4 billion for the nine months ended September 30, 2024. Such increase was primarily due to the significant growth in the sales volume of our ESS batteries, which was partially offset by a decrease in the average selling price of our ESS batteries. The decline in average selling price was mainly attributable to decrease in the prices of raw materials, including lithium carbonate.

Cost of Sales

Our cost of sales decreased by 18.2% from RMB237.7 billion for the nine months ended September 30, 2023 to RMB194.4 billion for the nine months ended September 30, 2024, primarily due to the decrease in the prices of raw materials, including lithium carbonate, partially offset by the growth in our sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 13.5% from RMB57.0 billion for the nine months ended September 30, 2023 to RMB64.7 billion for the nine months ended September 30, 2024. Our gross profit margin increased from 19.3% for the nine months ended September 30, 2023 to 25.0% for the nine months ended September 30, 2024, mainly because (i) the unit economics of our batteries remained stable despite a decrease in average selling price, driven by the competitive strengths of our innovative products; and (ii) the average selling price of our batteries was reduced in response to decrease in the prices of raw materials including lithium carbonate, which, combined with stable unit economics, drove an increase in gross profit margin.

Our gross profit for sales of EV batteries increased by 14.4% from RMB37.3 billion for the nine months ended September 30, 2023 to RMB42.6 billion for the nine months ended September 30, 2024, and our gross profit margin increased from 17.5% to 24.3% for the same period.

Our gross profit for sales of ESS batteries increased by 54.5% from RMB8.5 billion for the nine months ended September 30, 2023 to RMB13.2 billion for the nine months ended September 30, 2024, and our gross profit margin increased from 20.5% to 28.4% for the same period.

Research and Development Expenses

Our research and development expenses decreased from RMB14.9 billion for the nine months ended September 30, 2023 to RMB13.1 billion for the nine months ended September 30, 2024, primarily due to decreased material costs related to R&D activities as raw material prices declined.

Administrative and Other Operating Expenses

Our administrative and other operating expenses remained stable at RMB8.2 billion for the nine months ended September 30, 2023 and RMB8.5 billion for the nine months ended September 30, 2024.

Selling Expenses

Our selling expenses remained stable at RMB2.6 billion for the nine months ended September 30, 2023 and the nine months ended September 30, 2024.

Other Income

Our other income increased from RMB10.1 billion for the nine months ended September 30, 2023 to RMB14.1 billion for the nine months ended September 30, 2024, primarily due to increased interest income as a result of an increase in bank deposit balance.

Other Gains and Losses, Net

Our net other gains and losses was a loss of RMB0.1 billion for the nine months ended September 30, 2023, compared to a loss of RMB1.0 billion for the nine months ended September 30, 2024. The difference was primarily due to a decrease in gain on disposal/deemed disposal of investments in subsidiaries, associates and joint ventures of RMB0.9 billion.

Impairment Losses

Our impairment losses increased from RMB3.1 billion for the nine months ended September 30, 2023 to RMB7.5 billion for the nine months ended September 30, 2024, primarily due to an increase in impairment related to our property, plant and equipment and intangible assets.

Finance Costs

Our finance costs increased from RMB2.3 billion for the nine months ended September 30, 2023 to RMB3.0 billion for the nine months ended September 30, 2024, primarily due to higher interest expenses from increased borrowings in line with our business expansion.

Share of Results of Associates and Joint Ventures, Net

Our net share of results of associates and joint ventures increased from RMB1.3 billion for the nine months ended September 30, 2023 to RMB2.7 billion for the nine months ended September 30, 2024, primarily reflecting an increase in our share of profits in certain associates and joint ventures.

Income Tax Expenses

Our income tax expense increased from RMB4.7 billion for the nine months ended September 30, 2023 to RMB7.0 billion for the nine months ended September 30, 2024, primarily reflecting the growth in our profit before tax.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 19.2% from RMB32.5 billion for the nine months ended September 30, 2023 to RMB38.8 billion for the nine months ended September 30, 2024. Our net profit margin was 11.0% and 15.0% for the nine months ended September 30, 2023 and 2024, respectively.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 22.0% from RMB328.6 billion in 2022 to RMB400.9 billion in 2023, primarily due to the continuous sales volume growth of our EV batteries and ESS batteries, partially offset by a decrease in our average selling price.

Our revenue generated from sales of EV batteries increased by 20.6% from RMB236.6 billion in 2022 to RMB285.3 billion in 2023. Such increase was primarily attributable to the growth in sales volume driven by increasing demand for our EV batteries, partially offset by lower average selling price of our EV batteries.

Our revenue generated from sales of ESS batteries increased by 33.2% from RMB45.0 billion in 2022 to RMB59.9 billion in 2023. Such increase was primarily attributable to robust sales volume growth of our ESS batteries, partially offset by lower average selling price of our ESS batteries.

Cost of Sales

Our cost of sales increased by 19.7% from RMB270.6 billion in 2022 to RMB324.0 billion in 2023, primarily reflecting the increase in sales volume of our products, partially offset by a decline in raw material prices.

Gross Profit and Gross Profit Margin

Our gross profit increased by 32.7% from RMB58.0 billion in 2022 to RMB76.9 billion in 2023. Our gross profit margin increased from 17.6% in 2022 to 19.2% in 2023, mainly because (i) the unit economics of our batteries improved despite a decrease in average selling price, driven by the competitive strengths of our innovative products; and (ii) the average selling price of our batteries was reduced in response to decrease in the prices of raw materials including lithium carbonate, which, combined with improving unit economics, drove an increase in gross profit margin.

Our gross profit for sales of EV batteries increased by 54.7% from RMB33.4 billion in 2022 to RMB51.7 billion in 2023, and our gross profit margin increased from 14.1% to 18.1% for the same period.

Our gross profit for sales of ESS batteries increased by 77.9% from RMB6.3 billion in 2022 to RMB11.2 billion in 2023, and our gross profit margin increased from 14.0% to 18.7% for the same period.

Research and Development Expenses

Our research and development expenses increased from RMB15.5 billion in 2022 to RMB18.4 billion in 2023, primarily because we increased our R&D investments.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased from RMB8.1 billion in 2022 to RMB10.5 billion in 2023, primarily due to increased taxes and surcharges in line with our business growth.

Selling Expenses

Our selling expenses increased from RMB2.5 billion in 2022 to RMB3.0 billion in 2023, which was generally in line with our revenue growth.

Other Income

Our other income increased from RMB7.0 billion in 2022 to RMB14.9 billion in 2023, primarily attributable to higher interest income as a result of an increase in our bank deposit balance.

Other Gains and Losses, Net

We recognized net other gains of RMB1.3 billion and RMB0.4 billion in 2022 and 2023, respectively. The decrease was primarily due to a decrease in our net foreign exchange gain.

Impairment Losses

Our impairment losses increased from RMB4.0 billion in 2022 to RMB6.1 billion in 2023, primarily due to an increase in impairment losses related to our property, plant and equipment and intangible assets, partially offset by a decrease in impairment losses on inventories.

Finance Costs

Our finance costs increased from RMB2.1 billion in 2022 to RMB3.4 billion in 2023, primarily due to higher interest expenses from increased borrowings in line with our business expansion.

Share of Results of Associates and Joint Ventures, Net

Our net share of results of associates and joint ventures increased from RMB2.6 billion in 2022 to RMB3.7 billion in 2023, mainly because the number of our associates and joint ventures increased.

Income Tax Expense

Our income tax expense amounted to RMB3.2 billion in 2022 and RMB7.2 billion in 2023, primarily reflecting the growth in our profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 41.5% from RMB33.5 billion in 2022 to RMB47.3 billion in 2023. Our net profit margin was 10.2% and 11.8% in 2022 and 2023, respectively.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a breakdown of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Non-current assets			
Property, plant and equipment	126,763,261	145,095,647	140,383,315
Right-of-use assets	8,475,065	9,016,403	10,004,956
Goodwill	704,065	707,882	883,701
Intangible assets	1,914,033	7,037,407	5,339,739
Investments in associates and joint ventures	17,595,207	50,027,694	54,175,331
Financial assets at FVTPL	2,645,307	2,816,190	2,980,958
Financial assets at FVTOCI	20,491,264	14,128,318	13,024,738
Prepayments, deposits and other assets	25,145,633	21,154,913	22,556,687
Deferred tax assets	9,483,660	17,395,585	22,121,063
Total non-current assets	**213,217,495**	**267,380,039**	**271,470,488**
Current assets			
Inventories	76,668,899	45,433,890	55,215,275
Trade and bills receivables	61,492,601	65,772,258	66,995,151
Contract assets	174,863	233,964	363,142
Prepayments, deposits and other assets	37,735,999	21,339,971	21,999,230
Financial assets at FVTPL	1,981,328	7,767	22,002,410
Financial assets at FVTOCI	18,965,715	55,289,319	40,403,230
Derivative financial instruments	575,638	–	–
Bank balances, deposits and cash	190,139,815	261,710,833	259,786,078
Total current assets	**387,734,858**	**449,788,002**	**466,764,516**
Current liabilities			
Trade and bills payables	191,747,512	167,825,751	165,846,800
Contract liabilities	22,444,785	23,982,352	22,651,662
Other payables and accruals	55,704,573	58,963,987	52,134,081
Borrowings	21,534,521	22,059,847	31,159,182
Lease liabilities	113,106	106,299	92,853
Derivative financial instruments	–	3,941,410	2,499,377
Income tax payable	4,216,924	10,121,425	6,686,743
Total current liabilities	**295,761,421**	**287,001,071**	**281,070,698**

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Non-current liabilities			
Other payables and accruals	19,966,702	46,866,869	22,176,102
Contract liabilities	6,910,284	6,093,840	5,460,757
Borrowings	79,327,247	104,035,996	98,899,221
Lease liabilities	572,350	283,296	716,797
Deferred tax liabilities	1,807,813	1,364,906	1,180,577
Provisions	19,697,375	51,638,913	65,430,209
Total non-current liabilities	**128,281,771**	**210,283,820**	**193,863,663**

Property, Plant and Equipment

Our property, plant and equipment mainly consisted of machinery, properties and buildings, and construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Machinery	54,981,089	60,149,929	53,138,458
Properties and buildings	32,683,496	52,654,217	53,359,073
Construction in progress	35,397,651	25,011,907	25,200,974
Exterior facilities and others	2,294,776	4,695,780	4,528,857
Special equipment	178,047	1,289,463	2,895,452
Electronic equipment	1,057,767	1,036,339	987,415
Transportation equipment	98,286	102,201	107,877
Other equipment	72,149	155,811	165,209
Total	**126,763,261**	**145,095,647**	**140,383,315**

Our property, plant and equipment amounted to RMB126.8 billion, RMB145.1 billion and RMB140.4 billion as of December 31, 2022 and 2023 and September 30, 2024, respectively. Our property, plant and equipment increased from RMB126.8 billion as of December 31, 2022 to RMB145.1 billion as of December 31, 2023, primarily attributable to an increase in properties and buildings of RMB20.0 billion, which reflected the expansion of our production capacity to meet customer demand. Our property, plant and equipment amounted to RMB140.4 billion as of September 30, 2024 and remained stable as compared to December 31, 2023.

Intangible Assets

Our intangible assets primarily consisted of patent rights and non-patented technologies, software, mining and exploration rights, as well as trademarks and domain names. Our intangible assets increased from RMB1.9 billion as of December 31, 2022 to RMB7.0 billion as of December 31, 2023, primarily because we newly acquired certain mining rights. Our intangible assets decreased to RMB5.3 billion as of September 30, 2024, primarily related to the impairment of certain mining rights.

Investments in Associates and Joint Ventures

We have invested in a number of associates and joint ventures. As of December 31, 2022 and 2023 and September 30, 2024, our investments in associates and joint ventures amounted to RMB17.6 billion, RMB50.0 billion and RMB54.2 billion, respectively.

Financial Assets at FVTPL

The following table sets forth the details of our financial assets at FVTPL as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Non-current			
– Equity investments at fair value	2,645,307	2,816,190	2,980,958
Current			
– Wealth management products and structured deposits	1,981,328	7,767	22,002,410
Total	**4,626,635**	**2,823,957**	**24,983,368**

Our financial assets at FVTPL as of December 31, 2022 and 2023 and September 30, 2024 amounted to RMB4.6 billion, RMB2.8 billion and RMB25.0 billion, respectively, primarily reflecting our purchase and disposal of wealth management products and structured deposits.

Our assets subject to Level 3 fair value measurement mainly included equity investment in unlisted entities at FVTPL and equity investment in unlisted entities at FVTOCI. These assets and liabilities were measured mainly using market approach, net asset approach and consensus pricing. For the assumptions utilized in our Level 3 fair value measurement, see Note 45 to the Accountants' Report as set out in Appendix I to this document.

We have established management systems to oversee the investments in financial products. Adhering to prudent investment principles, we conduct investment activities with an aim to improve capital utilization efficiency and investment returns on cash assets. Our finance department manages our wealth management portfolio, primarily including the preparation of our annual wealth management plan, handling wealth management products, and conducting daily management and accounting procedures. Our internal audit department maintains daily oversight of wealth management products, including full-process audits, reviewing the approval, implementation, and performance of wealth management products. It ensures timely processing and verification of accounting records by the finance department, with timely reporting to senior management. In addition, we adhere to all applicable laws, regulations, and management policies regarding the proper disclosure of investment information.

Following the [**REDACTED**], our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

Financial Assets at FVTOCI

The following table sets forth the details of our financial assets at FVTOCI as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Non-current			
– Equity investments at fair value	20,491,264	14,128,318	13,024,738
Current			
– Trade and bills receivables measured at FVTOCI	18,965,715	55,289,319	40,403,230
Total	**39,456,979**	**69,417,637**	**53,427,968**

The non-current portion of our financial assets at FVTOCI consisted of equity investments which are not held for trading. Our equity investments primarily included our investments in the equity of certain companies that are not traded on the open market. Such investments were classified as financial assets at FVTOCI with Level 3 fair value measurement. For details, see "— Financial Assets at FVTPL." The current portion of our financial assets at FVTOCI represented trade and bills receivables measured at FVTOCI.

Our financial assets at FVTOCI were RMB39.5 billion, RMB69.4 billion and RMB53.4 billion as of December 31, 2022 and 2023 and September 30, 2024, respectively. The increase in our financial assets at FVTOCI from December 31, 2022 to December 31, 2023 was primarily due to an increase in receivables measured at FVTOCI as a result of an increase in our revenue. The decrease in our financial assets at FVTOCI as of September 30, 2024 was primarily due to a decrease in bills receivable from our customers for settlement of goods.

Prepayments, Deposits and Other Assets

The following table sets forth the details of our prepayments, deposits and other assets as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Non-current			
Prepayment on construction and equipment	11,766,627	8,077,426	11,092,976
Deposit	7,913,875	8,779,715	8,689,720
Prepayment for inventories	4,097,041	3,170,453	2,053,888
Finance lease receivables	44,316	9,840	112,981
Others	1,323,774	1,117,479	607,122
	25,145,633	**21,154,913**	**22,556,687**
Current			
Deposits and other assets	8,792,816	3,648,556	3,731,693
Prepayments	15,843,284	6,962,873	6,887,338
Other tax receivables	11,360,316	7,863,809	6,239,810
Interest receivables	903,595	2,595,682	4,891,845
Finance lease receivables	403,712	56,828	200,636
Prepaid corporate income tax	360,193	349,675	150,782
Others	186,519	72,540	186,932
Less: ECL allowance	(114,436)	(209,992)	(289,806)
	37,735,999	**21,339,971**	**21,999,230**
Total	**62,881,632**	**42,494,884**	**44,555,917**

The non-current portion of our prepayments, deposits and other assets remained stable at RMB25.1 billion, RMB21.2 billion and RMB22.6 billion as of December 31, 2022 and 2023 and September 30, 2024, respectively.

The current portion of our prepayments, deposits and other assets decreased from RMB37.7 billion as of December 31, 2022 to RMB21.3 billion as of December 31, 2023, primarily due to reduced prepayments and deposits in accordance with business needs. Our prepayments, deposits and other assets remained stable at RMB22.0 billion as of September 30, 2024.

Deferred Tax Assets

Our deferred tax assets increased from RMB9.5 billion as of December 31, 2022 to RMB17.4 billion as of December 31, 2023, and further to RMB22.1 billion as of September 30, 2024, primarily reflecting a temporary difference between the recognition of amortization and depreciation and the recognition of the corresponding tax losses.

Inventories

Our inventories primarily consisted of finished goods, work in progress, raw materials and costs to fulfil a contract. The following table sets forth details of our inventories as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Finished goods	59,504,149	33,609,112	37,187,837
Work in progress	15,716,914	10,080,744	12,050,867
Raw materials	5,196,430	5,055,901	8,250,988
Costs to fulfil a contract	1,317,956	1,271,307	3,229,448
	81,735,449	50,017,064	60,719,140
Less: provision for impairment	(5,066,550)	(4,583,174)	(5,503,865)
Total	**76,668,899**	**45,433,890**	**55,215,275**

Our inventories decreased from RMB76.7 billion as of December 31, 2022 to RMB45.4 billion as of December 31, 2023 despite increasing sales volumes, primarily because (i) we continued to strengthen inventory turnover and optimize inventory management, and (ii) the prices of certain raw materials declined. Our inventories increased from RMB45.4 billion as of December 31, 2023 to RMB55.2 billion as of September 30, 2024, primarily resulting from our higher production and sales volumes.

The following is an aging analysis of our inventories as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Within 1 year	81,514,230	48,277,010	58,347,829
Over 1 year	221,219	1,740,054	2,371,311
Total	**81,735,449**	**50,017,064**	**60,719,140**

The following table sets forth our inventory turnover days for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2022	2023	2024
Inventory turnover days[1]	78.8	68.8	69.9

Note:

(1) Inventory turnover days are calculated as the average of the beginning and ending balance of inventories for the year/period divided by the cost of sales for that year/period and multiplied by 365 days (for a year) or 270 days (for the nine-month period).

Our inventory turnover days were 78.8 days, 68.8 days and 69.9 days in 2022, 2023 and the nine months ended September 30, 2024, respectively. The decrease in our inventory turnover days from 2022 to 2023 was primarily because we strengthened inventory turnover and optimized inventory management. Our inventory turnover days remained stable during the nine months ended September 30, 2024 as compared to 2023.

As of December 31, 2024, we had utilized 86.2%, or RMB52.3 billion, of our inventories as of September 30, 2024.

Trade and Bills Receivables

Our trade and bills receivables primarily consisted of outstanding amounts payable by third parties and related parties.

The following table sets forth details of our trade and bills receivables as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Trade receivables	59,797,036	66,065,457	69,535,300
Less: ECL allowance	(1,830,519)	(2,044,923)	(2,832,590)
Trade receivables, net	57,966,517	64,020,534	66,702,710
Bills receivables	3,526,084	1,751,724	292,441
Trade and bills receivables	**61,492,601**	**65,772,258**	**66,995,151**

Our trade and bills receivables increased from RMB61.5 billion as of December 31, 2022 to RMB65.8 billion as of December 31, 2023, and further increased to RMB67.0 billion as of September 30, 2024.

The credit period granted to our customers was generally within 60 days during the Track Record Period. The following is an aging analysis of our trade receivables, based on the date of revenue recognition, net of ECL allowance, as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Within 1 year	57,901,029	63,442,438	65,754,231
Over 1 year but within 2 years	65,486	573,217	928,196
Over 2 years	2	4,879	20,283
Trade receivables, net	**57,966,517**	**64,020,534**	**66,702,710**

The following table sets forth our trade and bills receivables turnover days for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2022	**2023**	**2024**
Trade and bills receivables turnover days[(1)]	48.2	57.9	69.2

Note:

(1) Calculated as the average of the beginning and ending balance of trade and bills receivables for the year/period divided by the revenue for that year/period and multiplied by 365 days (for a year) or 270 days (for the nine-month period).

Our trade and bills receivables turnover days were 48.2 days, 57.9 days and 69.2 days for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024. The increase in our trade and bills receivables turnover days was primarily due to the more significant change in revenue compared to the change in average trade and bills receivables for the same period, resulting from the decrease in average selling price of our products.

As of December 31, 2024, RMB63.5 billion, or 91.3% of our trade receivables as of September 30, 2024 had been settled.

Bank Balances, Deposits and Cash

Our bank balances, deposits and cash consisted of cash and cash equivalents as well as time deposits and restricted funds.

As of December 31, 2022 and 2023 and September 30, 2024, our bank balances, deposits and cash amounted to RMB190.1 billion, RMB261.7 billion and RMB259.8 billion, respectively.

Trade and Bills Payables

Our trade and bills payables primarily related to the purchase of raw materials and equipment.

The following table sets forth details of our trade and bills payables as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Trade payables	65,518,044	90,310,810	102,195,261
Bills payables	126,229,468	77,514,941	63,651,539
Trade and bills payables	**191,747,512**	**167,825,751**	**165,846,800**

Our trade and bills payables decreased from RMB191.7 billion as of December 31, 2022 to RMB167.8 billion as of December 31, 2023, primarily attributable to the settlement of bills payables due and a decrease in the issuance of new bills, which was partially offset by an increase in trade payables. Our trade and bills payables amounted to RMB165.8 billion as of September 30, 2024 and remained stable compared to the end of 2023.

The credit period granted by our suppliers was generally within 90 days during the Track Record Period. As of the end of each year/period of the Track Record Period, there were no significant trade payables aged over one year based on invoice date. As of the end of each year/period during the Track Record Period, no matured bills payable were unpaid.

As of December 31, 2024, RMB46.2 billion, or 45.2% of our trade payables as of September 30, 2024 had been settled.

Contract Liabilities

Our contract liabilities refer to the obligation to transfer goods to customers in consideration of payments received or receivable from customers. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations. Our contract liabilities remained stable at RMB29.4 billion, RMB30.1 billion and RMB28.1 billion as of December 31, 2022 and 2023 and September 30, 2024.

Other Payables and Accruals

Our other payables and accruals mainly include deferred income, construction and equipment payables and employee benefits payables. The following table sets forth details of our other payables and accruals as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		RMB'000	
Non-current			
Deferred income	19,966,702	21,448,987	21,899,574
Premium payables on acquiring mining right	–	170,256	156,653
Redemption liability	–	25,247,626	–
Other payables	–	–	119,875
	19,966,702	**46,866,869**	**22,176,102**
Current			
Construction and equipment payables	29,016,932	26,727,963	20,944,754
Employee benefits payables	9,476,018	14,846,251	17,368,872
Deposits received	8,055,298	8,763,865	5,511,717
Other tax liabilities	2,197,550	3,712,029	4,384,277
Accrued expenses	3,077,310	3,258,954	2,359,270
Dividend payables	8,320	29,916	22,722
Premium payables on acquiring mining right	–	23,740	19,548
Others	3,873,145	1,601,269	1,522,921
	55,704,573	**58,963,987**	**52,134,081**
Total	**75,671,275**	**105,830,856**	**74,310,183**

The non-current portion of our other payables and accruals increased from RMB20.0 billion as of December 31, 2022 to RMB46.9 billion as of December 31, 2023, then decreased to RMB22.2 billion as of September 30, 2024. This fluctuation was primarily because we recorded redemption liability of RMB25.2 billion as of December 31, 2023 due to minority shareholders of our subsidiaries holding put-back rights pursuant to the relevant agreements.

The current portion of our other payables and accruals remained stable at RMB55.7 billion, RMB59.0 billion and RMB52.1 billion as of December 31, 2022 and 2023 and September 30, 2024, respectively.

Derivative Financial Instruments

Our derivative financial instruments mainly include foreign exchange risk contracts and commodity price risk contracts. We have established a sound management system for our hedging activities and a comprehensive internal control policy. To further strengthen our management of hedging of futures, forward contracts and other derivative products, enhance and optimize the operational procedures of offshore futures, forward contracts and other derivative products, and ensure the achievement of our production and operational objectives, we have set up a leading group, a working group and a risk control group. We are supported by professionals in investment decision-making, business operation and risk control, with well-defined duties and responsibilities.

As of December 31, 2022 and 2023 and September 30, 2024, our derivative financial instruments recorded as current assets amounted to RMB0.6 billion, nil and nil, respectively. As of the same dates, our derivative financial instruments recorded as current liabilities amounted to nil, RMB3.9 billion and RMB2.5 billion, respectively.

Provisions

Our provisions primarily consisted of after-sale service fees and sale rebates. We undertake the maintenance obligation of the battery products sold within the warranty period. Our provisions increased from RMB19.7 billion as of December 31, 2022 to RMB51.6 billion as of December 31, 2023, and further increased to RMB65.4 billion as of September 30, 2024 mainly due to an increase in potential after-sales service obligations and sale rebates resulting from higher sales volume.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund the construction of our manufacturing bases, product research and development, among other working capital needs. Historically, we have financed our operations and other capital requirements primarily through cash generated from our business operations, bank borrowings, debt financing and equity financing.

Our anticipated cash needs primarily relate to our business operations, expansion of production capacity, and product research and development. We expect to fund our future working capital and other cash requirements primarily with cash generated from our operations, bank borrowings and other financing activities (including the [**REDACTED**] from the [**REDACTED**]).

As of December 31, 2024, the latest practicable date for determining our indebtedness, we had cash and cash equivalent of [**REDACTED**]. As of the same date, we had unutilized banking facilities of [**REDACTED**]. Taking into account our internal resources, our cash flow from operating activities and the estimated [**REDACTED**] from the [**REDACTED**], our Directors believe that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Net Current Assets

The following table sets forth a summary of our current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of December 31,
	2022	2023	2024	2024
	RMB'000			
				(Unaudited)
Current assets				
Inventories	76,668,899	45,433,890	55,215,275	[**REDACTED**]
Trade and bills receivables	61,492,601	65,772,258	66,995,151	[**REDACTED**]
Contract assets	174,863	233,964	363,142	[**REDACTED**]
Prepayments, deposits and other assets	37,735,999	21,339,971	21,999,230	[**REDACTED**]
Financial assets at FVTPL	1,981,328	7,767	22,002,410	[**REDACTED**]
Financial assets at FVTOCI	18,965,715	55,289,319	40,403,230	[**REDACTED**]
Derivative financial instruments	575,638	–	–	[**REDACTED**]
Bank balances, deposits and cash	190,139,815	261,710,833	259,786,078	[**REDACTED**]
Total current assets	**387,734,858**	**449,788,002**	**466,764,516**	[**REDACTED**]
Current liabilities				
Trade and bills payables	191,747,512	167,825,751	165,846,800	[**REDACTED**]
Contract liabilities	22,444,785	23,982,352	22,651,662	[**REDACTED**]
Other payables and accruals	55,704,573	58,963,987	52,134,081	[**REDACTED**]
Borrowings	21,534,521	22,059,847	31,159,182	[**REDACTED**]
Lease liabilities	113,106	106,299	92,853	[**REDACTED**]
Derivative financial instruments	–	3,941,410	2,499,377	[**REDACTED**]
Income tax payable	4,216,924	10,121,425	6,686,743	[**REDACTED**]
Total current liabilities	**295,761,421**	**287,001,071**	**281,070,698**	[**REDACTED**]
Net current assets	**91,973,437**	**162,786,931**	**185,693,818**	[**REDACTED**]

We had net current assets of RMB92.0 billion, RMB162.8 billion, RMB185.7 billion and [**REDACTED**] as of December 31, 2022 and 2023, September 30, 2024 and December 31, 2024, respectively.

Our net current assets increased from RMB92.0 billion as of December 31, 2022 to RMB162.8 billion as of December 31, 2023, primarily attributable to an increase in current assets as a result of: (i) an increase of RMB71.6 billion in bank balances, deposits and cash, and (ii) an increase of RMB36.3 billion in financial assets at FVTOCI; this increase was partially offset by a decrease of RMB31.2 billion in inventories, as well as a decrease in current liabilities primarily as a result of a decrease of RMB23.9 billion in trade and bills payables.

Our net current assets increased from RMB162.8 billion as of December 31, 2023 to RMB185.7 billion as of September 30, 2024, primarily attributable to an increase in current assets primarily as a result of: (i) an increase of RMB22.0 billion in financial assets at FVTPL, and (ii) an increase of RMB9.8 billion in inventories, as well as a decrease in current liabilities primarily as a result of a decrease of RMB6.8 billion in other payables and accruals.

Our net current assets increased from RMB185.7 billion as of September 30, 2024 to [**REDACTED**] as of December 31, 2024, primarily attributable to the increase in current assets, including: (i) an increase in bank balances, deposits and cash of [**REDACTED**], and (ii) an increase in financial assets at fair value through other comprehensive income of [**REDACTED**]; this increase was partially offset by higher current liabilities, primarily from an increase in trade and bills payable of [**REDACTED**] and an increase in borrowings of [**REDACTED**].

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB'000			
			(Unaudited)	
Net cash generated from operating activities	61,208,844	92,826,125	52,653,692	67,443,601
Net cash used in investing activities	(64,139,843)	(29,187,763)	(19,937,130)	(47,894,482)
Net cash generated from/(used in) financing activities	82,266,431	14,716,362	14,850,658	(20,495,680)

	For the year ended December 31,		For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB'000			
			(Unaudited)	
Net increase/(decrease) in cash and cash equivalents	79,335,432	78,354,724	47,567,220	(946,561)
Cash and cash equivalents at beginning of the year/period	75,505,735	157,629,318	157,629,318	238,165,487
Effect of exchange rate changes	2,788,151	2,181,445	1,928,721	(2,265,022)
Cash and cash equivalents at the end of the year/period	157,629,318	238,165,487	207,125,259	234,953,904

Operating Activities

Net cash generated from operating activities for the nine months ended September 30, 2024 was RMB67.4 billion, primarily due to proceeds from sales of goods of RMB317.5 billion, partially offset by (i) cash paid for material and services of RMB220.6 billion, and (ii) cash paid for salaries of RMB19.3 billion.

Net cash generated from operating activities in 2023 was RMB92.8 billion, primarily due to proceeds from sales of goods of RMB417.9 billion, partially offset by (i) cash paid for material and services of RMB310.5 billion, and (ii) cash paid for salaries of RMB21.1 billion.

Net cash generated from operating activities in 2022 was RMB61.2 billion, primarily due to proceeds from sales of goods of RMB305.8 billion, partially offset by (i) cash paid for material and services of RMB235.3 billion, and (ii) cash paid for salaries of RMB18.2 billion.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2024 was RMB47.9 billion, primarily due to (i) net payments for investments in associates and joint ventures and financial assets at fair value (total investments in associates and joint ventures and financial assets at fair value minus proceeds from disposal of these financial assets) of RMB28.4 billion, and (ii) net payments for purchase of property, plant and equipment, intangible assets and prepaid lease payments (total payment for purchase of property, plant and equipment, intangible assets and prepaid lease payments minus proceeds from disposal of these assets) of RMB21.2 billion.

Net cash used in investing activities in 2023 was RMB29.2 billion, primarily due to net payments for purchase of property, plant and equipment, intangible assets and prepaid lease payments (total payments for purchase of property, plant and equipment, intangible assets and prepaid lease payments minus proceeds from disposal of these assets) of RMB33.6 billion, partially offset by net proceeds from disposal of associates and joint ventures and financial assets (total proceeds from disposal of associates and joint ventures and financial assets minus payment for investments in these assets) of RMB2.0 billion.

Net cash used in investing activities in 2022 was RMB64.1 billion, primarily due to (i) net payments for purchase of property, plant and equipment, intangible assets and prepaid lease payments (total payments for purchase of property, plant and equipment, intangible assets and prepaid lease payments minus proceeds from disposal of these assets) of RMB48.2 billion, and (ii) net payments for investments in associates and joint ventures and financial assets at fair value (total payments for investments in associates and joint ventures and financial assets at fair value minus proceeds from disposal of these assets) of RMB11.5 billion.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2024 was RMB20.5 billion, primarily due to (i) dividends paid to owners of our Company of RMB22.1 billion, and (ii) repayment of borrowings of RMB14.0 billion, partially offset by proceeds from borrowings of RMB17.8 billion.

Net cash generated from financing activities in 2023 was RMB14.7 billion, primarily due to proceeds from borrowings of RMB46.6 billion, partially offset by (i) repayment of borrowings of RMB23.8 billion, and (ii) dividends paid to owners of our Company of RMB6.1 billion.

Net cash generated from financing activities in 2022 was RMB82.3 billion, primarily due (i) proceeds from borrowings of RMB56.0 billion, and (ii) proceeds from private placement and restricted share plan of RMB45.4 billion, partially offset by repayment of borrowings of RMB17.6 billion.

INDEBTEDNESS

As of December 31, 2022 and 2023, September 30, 2024 and December 31, 2024, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,		As of September 30,	As of December 31,
	2022	2023	2024	2024
	RMB'000			
				(Unaudited)
Current				
Borrowings	21,534,521	22,059,847	31,159,182	[**REDACTED**]
Lease liabilities	113,106	106,299	92,853	[**REDACTED**]
	21,647,627	22,166,146	31,252,035	[**REDACTED**]
Non-current				
Borrowings	79,327,247	104,035,996	98,899,221	[**REDACTED**]
Lease liabilities	572,350	283,296	716,797	[**REDACTED**]
	79,899,597	104,319,292	99,616,018	[**REDACTED**]
Total	**101,547,224**	**126,485,438**	**130,868,053**	[**REDACTED**]

Borrowings

During the Track Record Period, our borrowings mainly included bank borrowings and corporate bonds. As of December 31, 2022 and 2023 and September 30, 2024, we had total borrowings of RMB100.9 billion, RMB126.1 billion and RMB130.1 billion, respectively.

During the Track Record Period, our borrowings were obtained from commercial banks and financial institutions, with the effective interest rates ranging from 0.65% to 6.61% per annum. Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. In addition, we have the contractual obligation to repurchase certain equity interest in entities controlled by us and third parties according to the investment agreements and partnership agreements. For details, see Note 32 to the Accountants' Report as set out in Appendix I of this document.

As of December 31, 2024, we had total borrowings of [**REDACTED**]. The majority of our bank borrowings were unsecured as of the same date.

During the Track Record Period, our corporate bonds were listed and/or issued on the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the China Interbank Bond Market. Our corporate bonds amounted to RMB22.3 billion, RMB19.4 billion, RMB19.3 billion and [**REDACTED**] as of December 31, 2022 and 2023, September 30, 2024 and December 31, 2024, respectively.

Our Directors confirm that there had not been any material default on our part in the payment of borrowings, or material breaches of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of land use rights and buildings used in its operations. We recorded lease liabilities in aggregate of RMB0.7 billion, RMB0.4 billion, RMB0.8 billion and [**REDACTED**] as of December 31, 2022 and 2023, September 30, 2024 and December 31, 2024, respectively.

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities. Our Directors confirm that there was no material change in our contingent liabilities from December 31, 2024 to the Latest Practicable Date.

CAPITAL EXPENDITURE

The details of our capital expenditure during the Track Record Period are summarized as follows.

	For the year ended December 31,		For the nine months ended September 30,
	2022	2023	2024
		RMB'000	
Construction in progress	65,758,746	43,300,590	17,142,054
Machinery	217,754	436,435	375,867
Properties and buildings	12,895	130,422	177,694
Exterior facilities and others	326,769	261,893	90,894
Special equipment	2,327	129,430	222,864
Electronic equipment	21,461	47,307	30,620
Transportation equipment	33,653	18,472	22,857
Other equipment	13,006	13,904	1,812
Total	**66,386,611**	**44,338,453**	**18,064,662**

CAPITAL COMMITMENTS

Our capital commitments at the end of each year/period during the Track Record Period primarily represented contracted but unprovided commitments for property, plant and equipment, and subscribed capital contribution of associated companies. As of December 31, 2022 and 2023 and September 30, 2024, our capital commitments amounted to RMB51.5 billion, RMB9.9 billion and RMB13.9 billion, respectively.

RELATED PARTY TRANSACTIONS

For details of our related party transactions during the Track Record Period, see Note 43 to the Accountants' Report as set out in Appendix I to this document.

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions in Note 43 to the Accountants' Report as set out in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and on normal commercial terms between the relevant parties. Our Directors are of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years/periods indicated.

	For the year ended/as of December 31,		For the nine months ended/as of September 30,
	2022	2023	2024
Net profit margin	10.2%	11.8%	15.0%
Return on equity (ROE)(1)	24.7%	24.7%	22.1%
Current ratio(2)	1.3	1.6	1.7
Quick ratio(3)	1.1	1.4	1.5
Debt-to-asset ratio(4)	70.6%	69.3%	64.3%
Interest-bearing debt ratio(5)	16.8%	17.6%	17.6%
Operating cash flow conversion ratio(6)	1.8	2.0	1.7

Notes:

(1) Return on equity (ROE) is calculated by dividing the profit attributable to owners of the Company for the year/period by the average of equity attributable to owners of the Company at the beginning and the end of the respective year/period. For the nine months ended September 30, 2024, ROE is annualized by multiplying the number by 4/3.

(2) The current ratio is calculated as current assets divided by current liabilities as of the relevant date.

(3) The quick ratio is defined as current assets minus inventories, divided by current liabilities as of the relevant date.

(4) The debt-to-asset ratio is calculated by dividing the total liabilities by the total assets as of the relevant date.

(5) The interest-bearing debt ratio is calculated as interest-bearing debt divided by total assets as of the relevant date.

(6) Operating cash flow conversion ratio is defined as the ratio of the cash flow generated from operating activities during the year/period over the profit for the same year/period.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any material off-balance sheet commitments and arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various market risks, including foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For more details, including relevant sensitivity analysis, see Note 46 to the Accountants' Report as set out in Appendix I of this document.

Foreign Currency Risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

We are exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entities to which the transactions relate. The foreign currencies giving rise to this risk are primarily USD and EUR.

Foreign currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. To ensure our currency risk exposure is kept to an acceptable level and aiming to minimize the gap between assets and liabilities in the same currency, foreign exchange contracts (i.e., forward foreign exchange contracts) are usually used to manage foreign currency risk associated with foreign currency-denominated assets and liabilities.

Price Risk

Equity Price Risk

We are exposed to equity price risk mainly arising from equity investments held by us that are classified as FVTOCI which will not be sold within one year.

Sensitivity analysis is performed by our management to assess exposure of our financial results to equity price risk measured at FVTOCI at the end of each period during the Track Record Period. If prices of the equity investments classified at FVTOCI held by us had been 10% higher/lower as of December 31, 2022 and 2023 and September 30, 2024, profit before income tax for the Track Record Period would have been RMB926.0 million, RMB457.5 million and RMB576.6 million higher/lower, respectively as a result of gains/losses on equity investments classified at FVTOCI.

Commodity Price Risk

Commodity price fluctuation did not have a material impact on our profits before income tax and cash flows during the Track Record Period as we used derivative financial instruments (including commodity price risk contracts) to manage a portion of the associated risks.

Other Price Risk

We are exposed to other price risk. Major financial assets for the purpose of other price sensitivity analysis include financial assets at FVTPL (other than equity investments).

It is estimated that an increase/decrease of 10% in other price risk would increase/decrease of RMB198.1 million, RMB0.8 million and RMB2,200.2 million in our profit before income tax for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, respectively, as a result of gains/losses on financial instruments classified as at FVTPL.

Interest Rate Risk

Our interest rate risk primarily arises from long-term interest-bearing borrowings, corporate bonds and lease liabilities. Long-term borrowings issued at variable rates expose us to cash flow interest rate risk. Long-term borrowings issued at fix rates, bond payables and lease liabilities bearing fixed rates expose us to fair value interest rate risk.

We have been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact our performance. To hedge against the variability in the cash flows arising from a change in market interest rates, we may enter into certain interest rate swap contracts to swap variable rates into fixed rates.

Credit Risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to us. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of our operations and from our investing activities.

Our maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost and trade and bills receivables measured at FVTOCI as disclosed in Note 44 to the Accountants' Report as set out in Appendix I to this document.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate balances of such.

DIVIDENDS

During the Track Record Period, we declared cash dividends to our Shareholders as follows.

	For the year ended December 31,		For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB'000			
			(Unaudited)	
Dividends attributable to the year/period				
Interim dividend	1,593,064	–	–	–
Final and special dividend	–	6,154,689	6,154,810	22,058,085

As of the Latest Practicable Date, we had paid these dividends in full.

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

According to applicable laws in mainland China and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting.

DISTRIBUTABLE RESERVES

As of September 30, 2024, we had approximately RMB117.8 billion of retained profits available for distribution to our Shareholders.

[REDACTED] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (based on an [**REDACTED**] of HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] expenses consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**], of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. During the Track Record Period, we did not incur any [**REDACTED**] expenses. Subsequent to the Track Record Period, approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on the net tangible assets of our Group attributable to owners of the Company as of September 30, 2024 as if the [**REDACTED**] had taken place on that date.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the net tangible assets of our Group attributable to owners of our Company had the [**REDACTED**] been completed as of September 30, 2024 or at any future date. No adjustment has been made to the unaudited [**REDACTED**] adjusted consolidated net tangible assets to reflect any trading results or open transactions of our Group entered into subsequent to September 30, 2024.

[**REDACTED**]

[**REDACTED**]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since September 30, 2024, which is the end date of the years/period reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since September 30, 2024 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

Special Dividend Distribution for 2024

Our Special Dividend and Interests Distribution Plan for 2024 was reviewed and approved at the First Extraordinary General Meeting of 2024 held on December 26, 2024. A cash dividend of RMB12.30 (tax inclusive) per 10 Shares was to be paid to all the then Shareholders based on our share capital of 4,387,474,934 Shares, which excludes the 15,991,524 Shares repurchased in the dedicated account for repurchased securities. This special dividend distribution was completed in January 2025.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Growth Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], and at the [**REDACTED**] of HK$[**REDACTED**] per Share, assuming that the [**REDACTED**] is not exercised.

We currently intend to apply these [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% or HK$[**REDACTED**] will be used to advance the construction of Phase I and II of our Hungary project.

  The demand for EV batteries and ESS batteries in overseas markets, including the EU, continues to grow. To better address customer needs and strengthen customer relationships, we intend to establish localized production capabilities in the EU, which is critical for our global footprint and international development. In 2022, we held Board and Shareholders' meetings and approved the proposal to invest in the phased construction of an EV battery production line with an annual capacity of 100 GWh at the Debrecen factory in Hungary. The total investment is expected to be no more than EUR7.34 billion, with a total construction period estimated to be within 64 months.

  To date, we have completed the initial preparations for the aforementioned project in Hungary and have commenced the construction. As of December 31, 2024, we had invested approximately EUR0.7 billion. The total investment for Phase I and II of the project in Hungary is approximately EUR4.9 billion, and the remaining funds will be invested successively in the future to complete the construction as planned.

- Approximately [**REDACTED**]% or HK$[**REDACTED**] will be used for working capital and other general corporate purposes.

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], at the [**REDACTED**] of HK$[**REDACTED**] per Share. In the event that the [**REDACTED**] is exercised, we intent to apply the additional [**REDACTED**] for the above purposes according to the proportions stated above.

If the [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above, and to the extent permitted by the relevant laws and regulations, they will be deposited into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions.

We will issue an appropriate announcement if there is any material change to the above proposed [**REDACTED**].

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[●], received from the Company's reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[GT logo]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CONTEMPORARY AMPEREX TECHNOLOGY CO., LIMITED AND [SPONSORS LIMITED]

Introduction

We report on the historical financial information of Contemporary Amperex Technology Co., Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2022 and 2023 and 30 September 2024, the statements of financial position of the Company as at 31 December 2022 and 2023 and 30 September 2024, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022 and 2023 and nine months ended 30 September 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on page I-[4] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's consolidated financial position as at 31 December 2022 and 2023 and 30 September 2024, the Company's financial position as at 31 December 2022 and 2023 and 30 September 2024, and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

[Date]

[●]
Practising Certificate Number: [●]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with International Standards on Auditing issued by IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Revenue	*5*	328,593,988	400,917,045	294,677,251	259,044,749
Cost of sales		(270,629,780)	(323,982,130)	(237,675,466)	(194,352,590)
Gross profit		57,964,208	76,934,915	57,001,785	64,692,159
Research and development expenses	*7*	(15,510,453)	(18,356,108)	(14,875,734)	(13,073,136)
Administrative and other operating expenses		(8,103,787)	(10,526,439)	(8,217,842)	(8,488,817)
Selling expenses		(2,519,230)	(3,042,744)	(2,642,679)	(2,608,018)
Other income	*6(a)*	7,047,244	14,883,428	10,131,710	14,081,544
Other gains and losses, net	*6(b)*	1,285,908	410,724	(95,445)	(1,014,030)
Impairment losses		(3,973,175)	(6,107,968)	(3,096,622)	(7,543,427)
Finance costs	*11*	(2,132,375)	(3,446,516)	(2,317,681)	(2,966,060)
Share of results of associates and joint ventures, net	*20*	2,614,517	3,745,762	1,307,678	2,712,745
Profit before income tax		36,672,857	54,495,054	37,195,170	45,792,960
Income tax expense	*12*	(3,215,713)	(7,153,019)	(4,650,152)	(6,987,231)
Profit for the year/period		33,457,144	47,342,035	32,545,018	38,805,729
Attributable to:					
Owners of the Company	*13*	30,729,164	44,702,249	31,174,229	36,073,548
Non-controlling interests		2,727,980	2,639,786	1,370,789	2,732,181
		33,457,144	47,342,035	32,545,018	38,805,729

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December		Nine months ended 30 September	
		2022	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period		33,457,144	47,342,035	32,545,018	38,805,729
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss:					
– Fair value changes on equity investments at fair value through other comprehensive income ("FVTOCI"), net of tax		3,523,744	(1,539,168)	(674,243)	(1,549,555)
– Share of other comprehensive (loss)/income of associates, net of tax		(63,238)	(1,688)	57,045	80,228
Items that will be reclassified subsequently to profit or loss:					
– Fair value changes on financial assets at FVTOCI, net of tax		(27,826)	(212,085)	(197,552)	184,224
– Share of other comprehensive income/(loss) of associates, net of tax		7,040	665,231	727,782	(99,159)
– Cash flow hedges, net of tax		250,538	(2,958,851)	(3,548,456)	503,193
– Exchange differences on translation of financial statements of foreign operations, net of tax		1,356,252	(665,298)	676,973	313,063
Other comprehensive income/(loss) for the year/period, net of tax		5,046,510	(4,711,859)	(2,958,451)	(568,006)
Total comprehensive income for the year/period		38,503,654	42,630,176	29,586,567	38,237,723
Attributable to:					
Owners of the Company		35,452,144	40,149,105	28,183,497	35,324,585
Non-controlling interests		3,051,510	2,481,071	1,403,070	2,913,138
		38,503,654	42,630,176	29,586,567	38,237,723
Earnings per share ("EPS") for profit attributable to owners of the Company					
Basic (in RMB per share)	*15(a)*	7.18	10.19	7.10	8.21
Diluted (in RMB per share)	*15(b)*	7.16	10.18	7.09	8.20

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 September
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*16*	126,763,261	145,095,647	140,383,315
Right-of-use assets	*17*	8,475,065	9,016,403	10,004,956
Goodwill	*18*	704,065	707,882	883,701
Intangible assets	*19*	1,914,033	7,037,407	5,339,739
Investments in associates and joint ventures	*20*	17,595,207	50,027,694	54,175,331
Financial assets at fair value through profit or loss ("FVTPL")	*21*	2,645,307	2,816,190	2,980,958
Financial assets at FVTOCI	*22*	20,491,264	14,128,318	13,024,738
Prepayments, deposits and other assets	*26*	25,145,633	21,154,913	22,556,687
Deferred tax assets	*29*	9,483,660	17,395,585	22,121,063
		213,217,495	267,380,039	271,470,488
Current assets				
Inventories	*23*	76,668,899	45,433,890	55,215,275
Trade and bills receivables	*24*	61,492,601	65,772,258	66,995,151
Contract assets	*25(a)*	174,863	233,964	363,142
Prepayments, deposits and other assets	*26*	37,735,999	21,339,971	21,999,230
Financial assets at FVTPL	*21*	1,981,328	7,767	22,002,410
Financial assets at FVTOCI	*22*	18,965,715	55,289,319	40,403,230
Derivative financial instruments	*27*	575,638	–	–
Bank balances, deposits and cash	*28*	190,139,815	261,710,833	259,786,078
		387,734,858	449,788,002	466,764,516
Current liabilities				
Trade and bills payables	*30*	191,747,512	167,825,751	165,846,800
Contract liabilities	*25(b)*	22,444,785	23,982,352	22,651,662
Other payables and accruals	*31*	55,704,573	58,963,987	52,134,081
Borrowings	*32*	21,534,521	22,059,847	31,159,182
Lease liabilities	*33*	113,106	106,299	92,853
Derivative financial instruments	*27*	–	3,941,410	2,499,377
Income tax payable		4,216,924	10,121,425	6,686,743
		295,761,421	287,001,071	281,070,698
Net current assets		91,973,437	162,786,931	185,693,818
Total assets less current liabilities		305,190,932	430,166,970	457,164,306

	Notes	As at 31 December 2022	As at 31 December 2023	As at 30 September 2024
		RMB'000	RMB'000	RMB'000
Non-current liabilities				
Other payables and accruals	31	19,966,702	46,866,869	22,176,102
Contract liabilities	25(b)	6,910,284	6,093,840	5,460,757
Borrowings	32	79,327,247	104,035,996	98,899,221
Lease liabilities	33	572,350	283,296	716,797
Deferred tax liabilities	29	1,807,813	1,364,906	1,180,577
Provisions	34	19,697,375	51,638,913	65,430,209
		128,281,771	210,283,820	193,863,663
Net assets		176,909,161	219,883,150	263,300,643
EQUITY				
Share capital	35	2,442,515	4,399,041	4,402,376
Reserves	37	162,038,736	193,309,012	232,553,855
Equity attributable to owners of the Company		164,481,251	197,708,053	236,956,231
Non-controlling interests		12,427,910	22,175,097	26,344,412
Total equity		176,909,161	219,883,150	263,300,643

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 30 September
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		18,970,006	14,662,965	12,468,051
Right-of-use assets		1,083,815	1,037,033	1,001,158
Intangible assets		128,360	115,445	144,830
Investments in subsidiaries		35,328,710	56,473,340	64,293,202
Investments in associates and joint ventures	*20*	14,167,097	14,090,253	14,324,355
Financial assets at FVTPL		812,088	967,188	1,096,735
Financial assets at FVTOCI		6,101,553	4,473,126	4,157,979
Prepayments, deposits and other assets	*26*	10,055,286	8,505,854	8,118,432
Deferred tax assets		5,602,248	11,004,452	13,530,813
		92,249,163	111,329,656	119,135,555
Current assets				
Inventories		42,288,695	24,016,255	26,695,791
Trade and bills receivables	*24*	65,464,374	68,103,049	70,889,971
Contract assets		172,606	230,302	361,398
Prepayments, deposits and other assets	*26*	57,517,664	37,945,461	41,342,529
Financial assets at FVTPL		–	–	14,651,026
Financial assets at FVTOCI		14,553,639	51,716,459	37,297,742
Derivative financial instruments		507,883	–	–
Bank balances, deposits and cash	*28*	134,445,173	170,158,532	172,212,172
		314,950,034	352,170,058	363,450,629
Current liabilities				
Trade and bills payables	*30*	159,031,290	144,982,984	131,450,995
Contract liabilities		23,232,269	24,060,818	21,562,389
Other payables and accruals	*31*	26,419,392	30,738,183	29,707,315
Borrowings	*32*	4,935,124	1,770,526	5,095,937
Lease liabilities		26,286	28,168	32,614
Derivative financial instruments		–	3,887,967	2,512,953
Income tax payable		2,155,754	7,387,638	4,090,658
		215,800,115	212,856,284	194,452,861
Net current assets		99,149,919	139,313,774	168,997,768
Total assets less current liabilities		191,399,082	250,643,430	288,133,323
Non-current liabilities				
Other payables and accruals	*31*	614,668	570,785	435,755
Borrowings	*32*	29,516,027	36,966,441	37,199,224
Lease liabilities		182,208	154,041	155,163
Deferred tax liabilities		866,642	708,838	681,053
Provisions	*34*	17,277,668	46,268,522	59,871,694
		48,457,213	84,668,627	98,342,889
Net assets		142,941,869	165,974,803	189,790,434
EQUITY				
Share capital	*35*	2,442,515	4,399,041	4,402,376
Reserves	*37*	140,499,354	161,575,762	185,388,058
Total equity		142,941,869	165,974,803	189,790,434

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	**Treasury shares**	**Capital reserve**	**Other comprehensive income reserve**	**Special reserve**	**Statutory reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000 *Note 35*	*RMB'000* *Note 35*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	2,330,851	(443,535)	43,163,697	4,208,320	–	1,158,471	34,095,467	84,513,271	8,108,903	92,622,174
Profit for the year	–	–	–	–	–	–	30,729,164	30,729,164	2,727,980	33,457,144
Other comprehensive income for the year	–	–	–	4,722,980	–	–	–	4,722,980	323,530	5,046,510
Total comprehensive income for the year	–	–	–	4,722,980	–	–	30,729,164	35,452,144	3,051,510	38,503,654
Share-based compensation expenses	–	–	556,931	–	–	–	–	556,931	–	556,931
Dividends declared *(Note 14)*	–	–	–	–	–	–	(1,593,064)	(1,593,064)	–	(1,593,064)
Appropriation of statutory reserve	–	–	–	–	–	55,832	(55,832)	–	–	–
Capital injection	111,664	189,544	45,145,888	–	–	–	–	45,447,096	2,092,259	47,539,355
Provision of special reserve	–	–	–	–	7,769	–	–	7,769	–	7,769
Utilisation of special reserve	–	–	–	–	(7,769)	–	–	(7,769)	–	(7,769)
Others	–	–	37,857	–	–	–	67,016	104,873	(824,762)	(719,889)
Transactions with owners	111,664	189,544	45,740,676	–	–	55,832	(1,581,880)	44,515,836	1,267,497	45,783,333
As at 31 December 2022	2,442,515	(253,991)	88,904,373	8,931,300	–	1,214,303	63,242,751	164,481,251	12,427,910	176,909,161

	Attributable to owners of the Company									
	Share capital	**Treasury shares**	**Capital reserve**	**Other comprehensive income reserve**	**Special reserve**	**Statutory reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 35	*Note 35*								
As at 1 January 2023	2,442,515	(253,991)	88,904,373	8,931,300	–	1,214,303	63,242,751	164,481,251	12,427,910	176,909,161
Profit for the year	–	–	–	–	–	–	44,702,249	44,702,249	2,639,786	47,342,035
Other comprehensive loss for the year	–	–	–	(4,553,144)	–	–	–	(4,553,144)	(158,715)	(4,711,859)
Total comprehensive (loss)/income for the year	–	–	–	(4,553,144)	–	–	44,702,249	40,149,105	2,481,071	42,630,176
Appropriation of statutory reserve	–	–	–	–	–	978,263	(978,263)	–	–	–
Transfer of other comprehensive income to retained earnings	–	–	–	(2,849,933)	–	–	2,849,933	–	–	–
Share-based compensation expenses	–	–	668,969	–	–	–	–	668,969	7,753	676,722
Dividends declared *(Note 14)*	–	–	–	–	–	–	(6,154,689)	(6,154,689)	(420,940)	(6,575,629)
Capital injection	2,618	(1,318,981)	390,355	–	–	–	–	(926,008)	28,918,614	27,992,606
Conversion of capital reserve into share capital	1,953,908	–	(1,953,908)	–	–	–	–	–	–	–
Provision of special reserve	–	–	–	–	50,535	–	–	50,535	27,377	77,912
Utilisation of special reserve	–	–	–	–	(41,180)	–	–	(41,180)	(22,340)	(63,520)
Others	–	–	(683,575)	–	–	–	163,645	(519,930)	(21,244,348)	(21,764,278)
Transactions with owners	1,956,526	(1,318,981)	(1,578,159)	(2,849,933)	9,355	978,263	(4,119,374)	(6,922,303)	7,266,116	343,813
As at 31 December 2023	4,399,041	(1,572,972)	87,326,214	1,528,223	9,355	2,192,566	103,825,626	197,708,053	22,175,097	219,883,150

	Attributable to owners of the Company									
	Share capital	**Treasury shares**	**Capital reserve**	**Other comprehensive income reserve**	**Special reserve**	**Statutory reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000 *Note 35*	*RMB'000* *Note 35*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023 (audited)	2,442,515	(253,991)	88,904,373	8,931,300	–	1,214,303	63,242,751	164,481,251	12,427,910	176,909,161
Profit for the period	–	–	–	–	–	–	31,174,229	31,174,229	1,370,789	32,545,018
Other comprehensive (loss)/income for the period	–	–	–	(2,990,732)	–	–	–	(2,990,732)	32,281	(2,958,451)
Total comprehensive (loss)/income for the period	–	–	–	(2,990,732)	–	–	31,174,229	28,183,497	1,403,070	29,586,567
Transfer of other comprehensive income to retained earnings	–	–	–	(2,931,329)	–	–	2,931,329	–	–	–
Share-based compensation expenses	–	–	493,612	–	–	–	–	493,612	4,915	498,527
Dividends declared *(Note 14)*	–	–	–	–	–	–	(6,154,810)	(6,154,810)	(469,828)	(6,624,638)
Capital injection	801	4,579	129,122	–	–	–	–	134,502	28,324,939	28,459,441
Conversion of capital reserve into share capital	1,953,908	–	(1,953,908)	–	–	–	–	–	–	–
Provision of special reserve	–	–	–	–	13,472	–	–	13,472	–	13,472
Utilisation of special reserve	–	–	–	–	(6,597)	–	–	(6,597)	–	(6,597)
Others	–	–	(7,030,508)	–	–	–	–	(7,030,508)	(19,748,520)	(26,779,028)
Transactions with owners	1,954,709	4,579	(8,361,682)	(2,931,329)	6,875	–	(3,223,481)	(12,550,329)	8,111,506	(4,438,823)
As at 30 September 2023 (unaudited)	4,397,224	(249,412)	80,542,691	3,009,239	6,875	1,214,303	91,193,499	180,114,419	21,942,486	202,056,905

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total		
	RMB'000 *Note 35*	*RMB'000* *Note 35*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	4,399,041	(1,572,972)	87,326,214	1,528,223	9,355	2,192,566	103,825,626	197,708,053	22,175,097	219,883,150
Profit for the period	–	–	–	–	–	–	36,073,548	36,073,548	2,732,181	38,805,729
Other comprehensive (loss)/income for the period	–	–	–	(748,963)	–	–	–	(748,963)	180,957	(568,006)
Total comprehensive (loss)/income for the period	–	–	–	(748,963)	–	–	36,073,548	35,324,585	2,913,138	38,237,723
Transfer of other comprehensive income to retained earnings	–	–	–	6,391	–	–	(6,391)	–	–	–
Share-based compensation expenses	–	–	674,610	–	–	–	–	674,610	9,588	684,198
Dividends declared *(Note 14)*	–	–	–	–	–	–	(22,058,085)	(22,058,085)	(450,171)	(22,508,256)
Capital injection	3,335	(1,203,161)	414,760	–	–	–	–	(785,066)	1,488,074	703,008
Provision of special reserve	–	–	–	–	54,410	–	–	54,410	10,425	64,835
Utilisation of special reserve	–	–	–	–	(30,661)	–	–	(30,661)	(248)	(30,909)
Others	–	–	26,068,385	–	–	–	–	26,068,385	198,509	26,266,894
Transactions with owners	3,335	(1,203,161)	27,157,755	6,391	23,749	–	(22,064,476)	3,923,593	1,256,177	5,179,770
As at 30 September 2024	4,402,376	(2,776,133)	114,483,969	785,651	33,104	2,192,566	117,834,698	236,956,231	26,344,412	263,300,643

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Cash flows from operating activities				
Proceeds from sales of goods	305,775,248	417,943,223	298,649,159	317,539,940
Proceeds from refund of other tax and surcharges	9,478,690	12,739,610	10,179,455	8,174,888
Cash received related to other operating activities	423,809	1,916,500	1,886,793	755,058
Interest income	3,489,711	6,334,318	4,066,443	4,423,780
Proceeds from other income	10,643,695	7,473,846	4,066,172	5,649,280
Cash paid for material and services	(235,327,104)	(310,521,178)	(233,164,147)	(220,637,020)
Cash paid for salaries	(18,157,352)	(21,140,597)	(15,791,826)	(19,328,624)
Income tax and other taxes paid	(10,529,733)	(17,117,191)	(13,852,837)	(23,235,105)
Cash paid related to other operating activities	(4,588,120)	(4,802,406)	(3,385,520)	(5,898,596)
Net cash generated from operating activities	61,208,844	92,826,125	52,653,692	67,443,601
Cash flows from investing activities				
Proceeds from disposal of associates and joint ventures and financial assets at fair value	1,307,996	7,651,159	7,200,836	512,533
Proceeds from disposal of property, plant and equipment, intangible assets and prepaid lease payments	594	12,853	6,339	55,631
Proceeds from disposal of subsidiaries	–	3,307	–	–
Proceeds from investment income	740,372	1,711,393	1,197,789	1,472,067
Proceeds from other investing activities	1,531,307	1,239,799	991,130	525,584
Purchase of property, plant and equipment, intangible assets and prepaid lease payments	(48,215,268)	(33,624,897)	(26,917,283)	(21,268,347)
Investments in associates and joint ventures and financial assets at fair value	(12,764,661)	(5,649,689)	(2,415,395)	(28,950,735)
Cash outflow from acquisition of subsidiaries	–	(321,445)	–	(241,215)
Payments for other investing activities	(6,740,183)	(210,243)	(546)	–
Net cash used in investing activities	(64,139,843)	(29,187,763)	(19,937,130)	(47,894,482)

	Note	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Cash flows from financing activities					
Proceeds from private placement and restricted stock plan		45,362,948	397,548	134,540	422,688
Capital contribution from non-controlling interests		2,092,259	2,926,448	1,876,233	1,488,074
Proceeds from borrowings		55,957,727	46,595,746	39,935,305	17,823,561
Proceeds from other financing activities		208,178	366,758	103,625	–
Repayment of borrowings		(17,605,771)	(23,795,322)	(18,289,108)	(13,951,582)
Interest paid		(1,960,135)	(2,889,905)	(2,269,729)	(2,287,590)
Dividend paid to owners of the Company		(1,591,335)	(6,121,360)	(6,121,360)	(22,075,205)
Dividend paid to non-controlling interests		–	(469,828)	(469,828)	(496,051)
Payments for other financing activities		(197,440)	(2,293,723)	(49,020)	(1,419,575)
Net cash generated from/(used in) financing activities		82,266,431	14,716,362	14,850,658	(20,495,680)
Net increase/(decrease) in cash and cash equivalents		79,335,432	78,354,724	47,567,220	(946,561)
Cash and cash equivalents at the beginning of the year/period		75,505,735	157,629,318	157,629,318	238,165,487
Effect of foreign exchange rate changes		2,788,151	2,181,445	1,928,721	(2,265,022)
Cash and cash equivalents at the end of the year/period	28	157,629,318	238,165,487	207,125,259	234,953,904

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC on 16 December 2011 and changed to a joint stock limited company on 15 December 2015. The Company's A shares are listed on Shenzhen Stock Exchange on 11 June 2018. The address of the Company's registered office and its principal place of business is No. 2, Xingang Road, Zhangwan Town, Jiaocheng District, Ningde City, Fujian Province, the PRC.

During the Track Record Period, the Company and its subsidiaries are principally engaged in the research, development, production and sales of electric vehicle ("EV") batteries and energy storage system ("ESS") batteries.

In the opinion of the directors, the Company's immediate and ultimate holding company is Xiamen Ruiting Investment Co., Ltd., a company incorporated in the PRC and controlled by Dr. Zeng Yuqun.

In this Historical Financial Information, certain English name of the companies referred herein represent the management's best effort to translate the Chinese name of the companies as no English name has been registered.

At the date of this Historical Financial Information, the Company's principal subsidiaries are as follows:

Company name	Place of establishment/ incorporation and operation	Share capital	Equity attributable to the Company		Principal activity
			Direct	Indirect	
		(in thousand)			
Jiangsu Contemporary Amperex Technology Limited (江蘇時代新能源科技有限公司) *(Note (a))*	The PRC	RMB1,000,000	100%	N/A	EV batteries and ESS batteries related business
United Auto Battery Co., Ltd. (時代上汽動力電池有限公司) *(Note (d))*	The PRC	RMB2,500,000	51%	N/A	EV batteries and ESS batteries related business
Sichuan Contemporary Amperex Technology Limited ("Sichuan Contemporary") (四川時代新能源科技有限公司) *(Note (a))*	The PRC	RMB5,303,005	79.20%	N/A	EV batteries and ESS batteries related business
Fuding Contemporary Amperex Technology Limited (福鼎時代新能源科技有限公司) *(Note (b))*	The PRC	RMB4,500,000	100%	N/A	EV batteries and ESS batteries related business
Guangdong Ruiqing Contemporary Amperex Technology Limited (廣東瑞慶時代新能源科技有限公司) *(Note (c))*	The PRC	RMB1,000,000	100%	N/A	EV batteries and ESS batteries related business
Ruiting Contemporary Amperex Technology (Shanghai) Limited (瑞庭時代(上海)新能源科技有限公司) *(Note (a))*	The PRC	RMB500,000	100%	N/A	EV batteries and ESS batteries related business
Contemporary Amperex Technology (Hong Kong) Limited *(Note (e))*	Hong Kong	Hong Kong Dollars ("HK$") 6,756,363	100%	N/A	Trade and investment

Company name	Place of establishment/ incorporation and operation	Share capital	Equity attributable to the Company		Principal activity
			Direct	Indirect	
		(in thousand)			
Hunan Brunp Recycling Technology Co., Ltd (湖南邦普循環科技有限公司) *(Note (a))*	The PRC	RMB60,000	N/A	64.80%	Lithium-ion battery materials and recycling business
Ningbo Brunp Recycling Technology Co., Ltd (寧波邦普循環科技有限公司) *(Note (a))*	The PRC	RMB10,000	N/A	64.80%	Trade business of lithium-ion batteries materials

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC Accounting Standards for Business Enterprises ("PRC GAAP") were audited by Grant Thornton (Special General Partnership), Certified Public Accountants, the PRC.

(b) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC GAAP were audited by Fujian Anxin Certified Public Accountants Co., Ltd., Certified Public Accountants, the PRC and Grant Thornton (Special General Partnership), Certified Public Accountants, the PRC, respectively.

(c) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC GAAP were audited by Zhaoqing Zhongpeng Certified Public Accountants, Certified Public Accountants, the PRC.

(d) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC GAAP were audited by Da Hua Certified Public Accountants (Special General Partnership), Certified Public Accountants, the PRC.

(e) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs and Interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs are effective for the accounting period beginning on 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The early adoption of the IFRSs do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised below. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not early adopted the following new and amended IFRSs which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards - Volume 11[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

4 Effective date not yet determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the management, no significant impact on the financial performance and positions of the Group is expected when they become effective.

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within the equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the owners of the Company.

Changes in the Group's investments in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

Acquisition of subsidiaries

(a) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(b) Asset acquisitions

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In Historical Financial Information, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's investment in the associate or joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or joint venture's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year/period includes the Group's share of the post-acquisition, post-tax results of the associate or joint venture for the year/period, including any impairment loss on the investment in associate or joint venture recognised for the year/period. The Group's other comprehensive income for the year/period includes its share of the associate or joint venture's other comprehensive income for the year/period.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's investment in the associate or joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or a joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's investment in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's other long-term investments that in substance form part of the Group's net investment in the associate or joint venture.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate or joint venture. At the end of each reporting period, the Group determines whether there is any objective evidence that the interest in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e., higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of partial investment in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

If an investment in an associate becomes an investment in a joint venture or 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.

In the Company's statements of financial position, investments in associates and joint ventures are stated at cost less impairment losses, unless being classified as held for sale (or included in a disposal group that is classified as held for sale).

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its major subsidiaries.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into RMB at the rates prevailing at the end of each reporting period.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Properties and buildings	10 – 50 years
Machinery	3 – 10 years
Transportation equipment	3 – 10 years
Electronic equipment	3 – 10 years
Special equipment	3 – 25 years
Other equipment	3 – 10 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's 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. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Right-of-use assets

Accounting policies of right-of-use assets (other than prepaid lease payments) are set out in "Leases" below.

Prepaid lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investments in associates and joint ventures is set out in "Associates and joint ventures" above.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment (see "Impairment of non-financial assets (other than contract assets)" below).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Patent rights and non-patented technology	Not over 10 years
Software	Not over 5 years
Mining and exploration rights	Not applicable

Mining rights are stated at cost less accumulated amortisation and any impairment losses while exploration rights are stated at cost less impairment losses. When exploration rights can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining rights and reserves and amortised by the unit of production method based on the proven and probable mineral reserves. Costs incurred for exploration which can be directly attributable to the development of mining infrastructure are transferred to mining infrastructure when the exploration reaches the stage of commercial production. All other costs will be transferred to mining rights and reserves. Mining rights and exploration rights are written off to profit or loss if the exploration property is abandoned.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are tested for impairment as described in "Impairment of non-financial assets (other than contract assets)" below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

– amortised cost;

– FVTPL; or

– FVTOCI.

The classification is determined by both:

– the Group's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for expected credit losses ("ECL") on financial assets which is presented as a separate item in consolidated statements of profit or loss.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's bank balances, deposits and cash, trade and bills receivables, deposits and other assets fall into this category of financial instruments.

Financial assets at 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, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, 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.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "other comprehensive income reserve" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in "other comprehensive income reserve" will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other income" in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and bills payables, other payables and accruals, borrowings, corporate bonds, lease liabilities and derivative financial instruments.

The Group classifies financial liabilities that arise from supplier finance arrangement ("SFA") within "Trade and bills payables" in the consolidated statements of financial position if they have a similar nature and function to trade payables. This is the case if the SFA is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the SFA are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from SFA that are classified in "Trade and bills payables" in the consolidated statements of financial position are included in operating activities in the consolidated statements of cash flows.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in "Leases" below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings 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 end of the reporting period.

Trade and bills payables, other payables and accruals, borrowings and corporate bonds

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Details of accounting policy of derivative financial instruments are set out in "Derivative financial instruments" below.

Impairment of financial assets and contract assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade and bills receivables, contract assets recognised and measured under IFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

– financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the end of the reporting period.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Other financial assets measured at amortised cost and trade and bills receivables measured at FVTOCI

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default occurring on the financial assets 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.

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

– 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, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

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

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

Despite the aforegoing, the Group assumes that the credit risk on trade and bills receivables measured at FVTOCI has not increased significantly since initial recognition if the trade and bills receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Trade and bills receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when 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 collateral held by the Group).

Detailed analysis of the ECL assessment of trade and bills receivables, contract assets, other financial assets measured at amortised cost and trade and bills receivables measured at FVTOCI are set out in Note 46.

Inventories

Inventories are carried 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 cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risks and commodity price risks, including forward foreign exchange contracts, commodity contracts and currency deposit contracts. Further details of derivative financial instruments are set out in Note 27.

Derivative financial instruments are recognised at fair value at the end of each reporting period with gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedged accounting under IFRS 9. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined) on an ongoing basis. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchanges rates and commodity price.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time are amortised to profit or loss over the remaining life of the hedged item. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in other comprehensive income reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other gains and losses line item. Amounts previously recognised in other comprehensive income and accumulated in other comprehensive income reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statements of profit or loss as the recognised hedged item.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 28.

Contract assets and contract liabilities

A 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 ECL in accordance with the policy set out in "Impairment of financial assets and contract assets" above 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 in advance of performance. 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.

Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "other payables and accruals". 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 instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 as set out in "Impairment of financial assets and contract assets" above and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statements of financial position, prepaid lease payments and leased properties and equipment have been included in "right-of-use-assets" under non-current assets.

Provisions, contingent liabilities and contingent assets

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

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered as contingent assets.

Sales-related warranties

Sales-related warranties associated with EV batteries and ESS batteries cannot be purchased separately and are served as an assurance that the products sold comply with agreed-upon specifications (i.e. assurance-type warranties). Accordingly, the Group accounts for warranties as "Provision" in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Share capital

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition and other contract costs

(a) Revenue from contracts with customers

Revenue mainly arises from the following major sources:

(i) sales of EV batteries;

(ii) sales of ESS batteries;

(iii) sales of battery materials from recycling process;

(iv) sales of battery mineral resources; and

(v) others.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognized when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.

Revenue for overseas sale of goods is recognized when the Company has declared the goods for customs clearance in accordance with the contract terms, and has obtained a customs clearance or received acceptance and other proof of receipt from the customers.

The Group provides after-sale service fee for its goods and makes the respective provisions. The Group does not provide any other additional services or after-sale service, therefore, such after-sale service does not constitute a separate performance obligation.

The Group has entered into contracts with certain customers that include sale rebate terms that may have a variable consideration. The Group makes the best estimate of the variable consideration on the basis of the expected value or the amount that is most likely to be incurred, provided that the transaction price containing the variable consideration does not exceed the amount at which it is highly probable that a material reversal of the cumulative recognized revenue will occur when the related uncertainty is eliminated.

Revenue from provision of services

Revenue from provision of services between the Group and its customers generally include technical services. If the customers obtain and consume the economic benefits brought by the Group's performance when the Group has performed its obligations, the Group may treat its performance obligation has been satisfied within a certain period of time and recognize the respective revenue over time, except for those revenue where the progress of performance cannot be reasonably determined.

Revenue from provision of services is recognized when the Company has satisfied the corresponding performance obligation in accordance with the contract terms, and has received acceptance and other proof of receipt form the customers.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost 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 carrying amount net of ECL allowance) of the asset.

(b) Other contract costs

Contract costs are either the costs to fulfil a contract or the incremental costs of obtaining a contract.

Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer which are not capitalised as inventories, property, plant and equipment and intangible assets, the Group capitalises the costs incurred to fulfil a contract with a customer as an asset (included in "inventories" in the consolidated statements of financial position) if all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

An asset is amortised and charged to the profit or loss on a systematic basis (i.e. over the period of sales contracts that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is subject to impairment review. Other costs of fulfilling a contract, which are not capitalised, are expensed as incurred.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

Impairment of non-financial assets (other than contract assets)

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of subsidiaries;
- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Company's investments in subsidiaries, associates and joint ventures.

Goodwill and intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

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

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees including share option schemes and share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "capital reserve" in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

At the time when the share options are exercised, the amount previously recognised in "capital reserve" will be transferred to "share capital". After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in "capital reserve" will be transferred to "retained profits".

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

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

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the "CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined by the Group's major product and service lines.

The CODM has been identified as the executive directors of the Company, who determine the operating segments of the Group and review the Group's internal reporting in order to assess performance and allocate resources. All of the Group's business operations relate to the production and sales of battery system, battery materials and industrial products with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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:

Estimation of fair value of financial instruments not traded in an active market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 45.

Impairment of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets

Property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are stated at costs less accumulated depreciation or amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount 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 CGU 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.

As at 31 December 2022 and 2023 and 30 September 2024, the aggregate carrying amounts of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets amounted to RMB137,089,629,000, net of impairment losses of RMB609,246,000, RMB161,086,727,000, net of impairment loss of RMB5,477,731,000 and RMB155,665,280,000, net of impairment losses of RMB10,323,838,000, respectively.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realisable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result.

As at 31 December 2022 and 2023 and 30 September 2024, the carrying amount of inventories amounted to RMB76,668,899,000, net of provision for inventories of RMB5,066,550,000, RMB45,433,890,000, net of provision for inventories of RMB4,583,174,000 and RMB55,215,275,000, net of provision for inventories of RMB5,503,865,000, respectively.

Estimation of impairment of trade and bills receivables and contract assets

The Group makes allowances on trade and bills receivables and contract assets based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. As at 31 December 2022 and 2023 and 30 September 2024, the aggregate carrying amounts of trade and bills receivables and contract assets amounted to RMB61,667,464,000, net of ECL allowance of RMB1,840,226,000, RMB66,006,222,000, net of ECL allowance of RMB2,077,216,000 and RMB67,358,293,000, net of ECL allowance of RMB2,859,988,000, respectively.

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables and contract assets, and credit losses in the periods in which such estimate has been changed.

Estimation of provision

As explained in Note 34, the sales contracts of EV batteries and ESS batteries entered into by the Group with its customers carry warranty provisions, which require the Group to bear the maintenance responsibility for the products sold during the after-sales service period committed by the Group, regardless of changes in the market price indices. The Group recognizes liabilities based on its best estimate of the maximum loss that may be incurred. Any increase or decrease in the provision would affect profit or loss in current and future years.

5. REVENUE AND SEGMENT INFORMATION

5.1 Revenue

The Group's principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group derives revenue from the transfer of goods and services at a point in time or services over time were analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Type of goods and services				
– EV batteries	236,593,497	285,252,917	212,604,509	175,542,789
– ESS batteries	44,980,277	59,900,522	41,699,132	46,418,980
– Battery materials and recycling	26,031,514	33,602,284	24,740,746	18,820,505
– Battery mineral resources	4,508,633	7,734,151	5,967,306	4,526,676
– Others	16,480,067	14,427,171	9,665,558	13,735,799
	328,593,988	400,917,045	294,677,251	259,044,749
Timing of revenue recognised				
– A point in time	327,499,175	399,737,118	293,805,542	258,055,321
– Over time	1,094,813	1,179,927	871,709	989,428
	328,593,988	400,917,045	294,677,251	259,044,749

5.2 Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the CODM. The Group's management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services are provided or the goods are delivered.

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue from external customers				
– Mainland China	251,670,828	269,924,895	197,285,988	178,977,485
– Other countries/regions	76,923,160	130,992,150	97,391,263	80,067,264
	328,593,988	400,917,045	294,677,251	259,044,749

The geographical location of non-current assets, mainly comprised of the property, plant and equipment (excluding exterior facilities and others), is based on the physical location of these assets. As at the end of each reporting period, more than 90% of the Group's non-current assets are located within the PRC.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue during the Track Record Period is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue from external customers				
Customer A	38,069,496	50,116,537	43,541,521	39,805,674

Note: The revenue contributed from the above customer is derived from sales of EV batteries and ESS batteries.

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income	3,987,365	8,321,802	5,683,967	7,126,536
Others	3,059,879	6,561,626	4,447,743	6,955,008
	7,047,244	14,883,428	10,131,710	14,081,544

(b) Other gains and losses, net

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Fair value gains on financial assets at FVTPL	400,241	46,270	215,303	190,410
Losses on disposal of property, plant and equipment, right-of-use assets and intangible assets	(43,252)	(38,574)	(41,318)	(2,805)
Gains on disposal/deemed disposal of investments in subsidiaries, associates and joint ventures, net	354,947	328,073	1,244,232	360,104
Interest income from financial assets at FVTPL	52,937	26,759	13,772	92,810
Losses from derecognition of financial assets at FVTOCI	(530,397)	(636,725)	(384,361)	(299,554)
Net foreign exchange gains/(losses)	1,162,628	421,518	(1,337,459)	(1,109,380)
Others	(111,196)	263,403	194,386	(245,615)
	1,285,908	410,724	(95,445)	(1,014,030)

7. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Employee benefit expenses	6,139,594	7,421,248	6,095,833	6,233,063
Material cost	6,364,041	5,396,630	4,805,681	3,665,621
Others	3,006,818	5,538,230	3,974,220	3,174,452
	15,510,453	18,356,108	14,875,734	13,073,136

8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling expenses and administrative and other operating expenses are analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation:				
– Property, plant and equipment *(Note 16)*	12,854,713	22,197,397	16,015,635	18,082,968
– Right-of-use assets *(Note 17)*	305,367	277,782	213,760	351,274
	13,160,080	22,475,179	16,229,395	18,434,242
Provision for/(Reversal of) impairment losses on assets, net				
– Goodwill *(Note 18)*	–	176,668	–	–
– Intangible assets *(Note 19)*	–	1,833,197	–	1,735,914
– Right-of-use assets *(Note 17)*	–	21,576	–	281,164
– Inventories	2,532,853	209,154	1,472,658	1,431,540
– Investments in associates *(Note 20)*	–	495,239	–	–
– Property, plant and equipment *(Note 16)*	285,364	3,095,494	1,359,261	3,207,986
– Contract assets	8,710	22,599	16,302	(4,895)
	2,826,927	5,853,927	2,848,221	6,651,709
Amortisation of intangible assets *(Note 19)*	92,466	170,803	96,999	157,369
Auditor's remuneration	4,100	4,480	4,480	4,960
Direct cost of inventories recognised as an expense	226,656,083	255,662,877	192,285,179	146,350,209
ECL allowance on trade and other receivables, net *(Notes 24, 26)*	1,146,248	254,041	248,401	891,718
Short-term lease charges	567,331	961,968	653,501	748,042

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	22,080,888	26,669,204	20,667,597	22,010,505
Share-based compensation expenses	556,931	676,722	498,527	684,198
	22,637,819	27,345,926	21,166,124	22,694,703

(b) Directors' emoluments

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Executive directors			
Dr. Zeng Yuqun	4,517	–	4,517
Mr. Li Ping	307	–	307
Mr. Zhou Jia	3,475	1,825	5,300
Mr. Pan Jian	–	–	–
Dr. Wu Kai	2,485	1,304	3,789
Mr. Huang Shilin *(Note (a))*	2,224	–	2,224
Dr. Xin Rong *(Note (b))*	8	–	8
Independent non-executive directors			
Dr. Xue Zuyun	200	–	200
Mr. Hong Bo	200	–	200
Dr. Cai Xiuling	200	–	200
Supervisors			
Mr. Wu Yingming	1,809	–	1,809
Ms. Feng Chunyan	2,034	–	2,034
Dr. Liu Na	1,336	–	1,336
	18,795	3,129	21,924
Year ended 31 December 2023			
Executive directors			
Dr. Zeng Yuqun	6,407	–	6,407
Mr. Li Ping	324	–	324
Mr. Zhou Jia	4,187	5,105	9,292
Mr. Pan Jian	137	–	137
Dr. Wu Kai *(Note (c))*	2,882	1,956	4,838
Dr. Xin Rong	200	–	200
Dr. Ouyang Chuying *(Note (d))*	5,390	–	5,390
Independent non-executive directors			
Dr. Xue Zuyun *(Note (e))*	146	–	146
Mr. Hong Bo *(Note (f))*	146	–	146
Dr. Cai Xiuling *(Note (g))*	146	–	146
Mr. Lin Xiaoxiong *(Note (h))*	–	–	–
Dr. Wu Yuhui *(Note (i))*	54	–	54
Dr. Zhao Bei *(Note (j))*	54	–	54
Supervisors			
Mr. Wu Yingming	2,165	–	2,165
Ms. Feng Chunyan	3,477	–	3,477
Dr. Liu Na	1,980	–	1,980
	27,695	7,061	34,756

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*
Nine months ended 30 September 2023 (unaudited)			
Executive directors			
Dr. Zeng Yuqun	5,675	–	5,675
Mr. Li Ping	242	–	242
Mr. Zhou Jia	3,693	4,014	7,707
Mr. Pan Jian	55	–	55
Dr. Wu Kai *(Note (c))*	3,267	1,956	5,223
Dr. Xin Rong	154	–	154
Dr. Ouyang Chuying *(Note (d))*	4,934	–	4,934
Independent non-executive directors			
Dr. Xue Zuyun *(Note (e))*	146	–	146
Mr. Hong Bo *(Note (f))*	146	–	146
Dr. Cai Xiuling *(Note (g))*	146	–	146
Mr. Lin Xiaoxiong *(Note (h))*	–	–	–
Dr. Wu Yuhui *(Note (i))*	4	–	4
Dr. Zhao Bei *(Note (j))*	4	–	4
Supervisors			
Mr. Wu Yingming	1,882	–	1,882
Ms. Feng Chunyan	3,113	–	3,113
Dr. Liu Na	1,735	–	1,735
	25,196	5,970	31,166
Nine months ended 30 September 2024			
Executive directors			
Dr. Zeng Yuqun	5,011	–	5,011
Mr. Li Ping	434	–	434
Mr. Zhou Jia	2,834	3,151	5,985
Mr. Pan Jian	246	–	246
Dr. Xin Rong	150	–	150
Dr. Ouyang Chuying	2,699	–	2,699
Independent non-executive directors			
Mr. Lin Xiaoxiong	–	–	–
Dr. Wu Yuhui	150	–	150
Dr. Zhao Bei	150	–	150
Supervisors			
Mr. Wu Yingming	1,802	–	1,802
Ms. Feng Chunyan	3,003	–	3,003
Dr. Liu Na	1,500	–	1,500
	17,979	3,151	21,130

Notes:

(a) Mr. Huang Shilin resigned as an executive director of the Company on 1 August 2022;

(b) Dr. Xin Rong appointed as an executive director of the Company on 16 November 2022;

(c) Dr. Wu Kai resigned as an executive director of the Company on 21 June 2023;

(d) Dr. Ouyang Chuying appointed as an executive director of the Company on 24 August 2023;

(e) Dr. Xue Zuyun resigned as an independent non-executive director of the Company upon expiry of his term of office on 24 August 2023;

(f) Mr. Hong Bo resigned as an independent non-executive director of the Company upon expiry of his term of office on 24 August 2023;

(g) Dr. Cai Xiuling resigned as an independent non-executive director of the Company upon expiry of her term of office on 24 August 2023;

(h) Mr. Lin Xiaoxiong appointed as an independent non-executive director of the Company on 24 August 2023;

(i) Dr. Wu Yuhui appointed as an independent non-executive director of the Company on 24 August 2023; and

(j) Dr. Zhao Bei appointed as an independent non-executive director of the Company on 24 August 2023.

10. FIVE HIGHEST PAID INDIVIDUALS

During the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024, the five highest paid individuals included 2, 1, 1 and nil directors, respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 3, 4, 4 and 5 individuals during the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024 are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	13,388	16,287	19,363	28,675
Share-based compensation	2,390	33,445	11,827	50,982
	15,778	49,732	31,190	79,657

The emoluments fell within the following bands:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
			(unaudited)	
HK$4,000,001-HK$6,000,000	1	–	–	–
HK$6,000,001-HK$8,000,000	2	–	–	–
HK$8,000,001-HK$10,000,000	–	–	4	–
HK$12,000,001-HK$14,000,000	–	3	–	–
HK$14,000,001-HK$16,000,000	–	1	–	3
HK$18,000,001-HK$20,000,000	–	–	–	1
HK$22,000,001-HK$24,000,000	–	–	–	1

11. FINANCE COSTS

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expense on borrowings	2,167,340	3,720,103	2,447,788	3,138,124
Interest expense on lease liabilities	27,977	17,783	13,500	35,964
	2,195,317	3,737,886	2,461,288	3,174,088
Less: interest capitalised	(62,942)	(291,370)	(143,607)	(208,028)
	2,132,375	3,446,516	2,317,681	2,966,060

12. INCOME TAX EXPENSE

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current income tax	7,657,395	14,805,611	8,724,149	11,532,855
Deferred income tax *(Note 29)*	(4,441,682)	(7,652,592)	(4,073,997)	(4,545,624)
Income tax expense	3,215,713	7,153,019	4,650,152	6,987,231

Reconciliation between tax expense and accounting profit at applicable tax rates is as follow:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before income tax	36,672,857	54,495,054	37,195,170	45,792,960
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	5,979,743	8,751,429	6,276,386	7,204,245
Tax effect of				
– share of results of associates and joint ventures	(437,782)	(769,590)	(261,569)	(657,317)
– non-deductible expenses	42,730	113,080	15,949	34,238
– non-taxable revenue	(354,370)	(302,667)	(302,092)	(177,941)
– deductible temporary differences not recognised	381,935	1,306,608	328,336	1,770,830
– utilisation of tax losses previously not recognised	(430,133)	(137,011)	(41,908)	(17,659)
– change in tax rate on the opening deferred tax balance	(317,679)	26,875	809	5,172
– under/(over) provision in respect of prior years/periods	69,598	(174,979)	(174,979)	19,345
– additional deduction on research and development expense	(1,836,624)	(1,576,321)	(1,439,820)	(1,184,723)
– others	118,295	(84,405)	249,040	(8,959)
Income tax expense	3,215,713	7,153,019	4,650,152	6,987,231

PRC Enterprise Income Tax ("EIT")

The income tax provision of certain PRC entities of the Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

The preferential income tax rate applicable to certain subsidiaries of the Group within the scope of the China's Western Development Programme was 15% for the Track Record Period.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15%.

Pursuant to the relevant laws and regulations in the PRC, one of the PRC subsidiaries is a key software enterprise encouraged by the state, and it will be exempted from EIT from the first year to the fifth year from the year of profit, and the EIT will be taxed at 10% starting from the sixth year. The subsidiary recorded profit since 2022.

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

Corporate income tax in other jurisdictions

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024, the profit for the year/period attributable to owners of the Company amounted to RMB30,729,164,000, RMB44,702,249,000, RMB31,174,229,000 and RMB36,073,548,000, respectively.

14. DIVIDENDS

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Dividends attributable to the year/period				
Interim dividends	1,593,064	–	–	–
Final and special dividends	–	6,154,689	6,154,810	22,058,085
	1,593,064	6,154,689	6,154,810	22,058,085

The interim dividends of RMB6.53 per 10 shares (tax inclusive) in respect of the year ended 31 December 2022 were approved by the Extraordinary General Meeting of the Group.

The final dividends of RMB25.20 per 10 shares (tax inclusive) in respect of the year ended 31 December 2022 were approved in 2022 Annual General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2022. The final dividends were paid on 26 April 2023.

The final dividends of RMB20.11 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2023. The final dividends were paid on 30 April 2024.

The special dividends of RMB30.17 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2023. The special dividends were paid on 30 April 2024.

The special dividends of RMB12.30 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 were approved in 2024 Extraordinary General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the nine months ended 30 September 2024. The special dividends were paid on 23 January 2025.

15. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and share information used in the calculation of basic EPS:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit attributable to owners of the Company used in calculating basic EPS	30,729,164	44,702,249	31,174,229	36,073,548
Weighted average number of ordinary shares in issue (thousand shares)	4,281,870	4,386,751	4,389,255	4,396,033
Basic EPS (RMB)	7.18	10.19	7.10	8.21

(b) Diluted EPS

The share schemes granted by the Company and the subsidiaries have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit attributable to owners of the Company used in calculating diluted EPS	30,729,164	44,702,249	31,174,229	36,073,548
Weighted average number of ordinary shares in issue (thousand shares)	4,281,870	4,386,751	4,389,255	4,396,033
Adjustments for potential shares arising from share schemes (thousand shares)	14,158	4,964	7,079	3,507
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	4,296,028	4,391,715	4,396,334	4,399,540
Diluted EPS (RMB)	7.16	10.18	7.09	8.20

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Properties and buildings	Machinery	Transportation equipment	Electronic equipment	Special equipment	Other equipment	Exterior facilities and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022									
Cost	15,741,417	41,434,310	158,895	1,195,303	–	167,243	1,276,741	30,998,160	90,972,069
Accumulated depreciation	(1,537,428)	(14,754,766)	(86,713)	(554,086)	–	(118,763)	(12,402)	–	(17,064,158)
Accumulated impairment	–	(369,476)	–	(597)	–	(6)	–	–	(370,079)
Net carrying amount	14,203,989	26,310,068	72,182	640,620	–	48,474	1,264,339	30,998,160	73,537,832
Year ended 31 December 2022									
Opening net carrying amount	14,203,989	26,310,068	72,182	640,620	–	48,474	1,264,339	30,998,160	73,537,832
Additions	12,895	217,754	33,653	21,461	2,327	13,006	326,769	65,758,746	66,386,611
Disposals	(1,204)	(218,982)	(1,725)	(16,365)	–	(2,575)	–	–	(240,851)
Depreciation	(1,270,155)	(10,241,442)	(36,115)	(369,908)	(1,514)	(41,445)	(894,134)	–	(12,854,713)
Impairment	–	(285,353)	–	(11)	–	–	–	–	(285,364)
Transfer from construction in progress	19,648,408	39,073,931	27,144	776,121	177,234	58,615	1,597,802	(61,359,255)	–
Exchange realignment	89,563	125,113	3,147	5,849	–	(3,926)	–	–	219,746
Closing net carrying amount	32,683,496	54,981,089	98,286	1,057,767	178,047	72,149	2,294,776	35,397,651	126,763,261
As at 31 December 2022 and 1 January 2023									
Cost	35,494,356	80,182,457	195,424	1,928,457	179,561	233,294	3,201,313	35,397,651	156,812,513
Accumulated depreciation	(2,810,860)	(24,592,725)	(97,138)	(870,087)	(1,514)	(161,145)	(906,537)	–	(29,440,006)
Accumulated impairment	–	(608,643)	–	(603)	–	–	–	–	(609,246)
Net carrying amount	32,683,496	54,981,089	98,286	1,057,767	178,047	72,149	2,294,776	35,397,651	126,763,261
Year ended 31 December 2023									
Opening net carrying amount	32,683,496	54,981,089	98,286	1,057,767	178,047	72,149	2,294,776	35,397,651	126,763,261
Additions	130,422	436,435	18,472	47,307	129,430	13,904	261,893	43,300,590	44,338,453
Disposals	(2,834)	(669,113)	(2,136)	(3,570)	–	(6,440)	–	–	(684,093)
Depreciation	(2,367,091)	(18,233,958)	(24,637)	(390,744)	(35,546)	(46,155)	(1,099,266)	–	(22,197,397)
Impairment	(296,651)	(2,315,427)	–	(55)	–	(1,754)	–	(481,607)	(3,095,494)
Transfer from construction in progress	22,573,587	25,916,825	11,414	324,280	1,017,532	122,712	3,238,377	(53,204,727)	–
Exchange realignment	(66,712)	34,078	802	1,354	–	1,395	–	–	(29,083)
Closing net carrying amount	52,654,217	60,149,929	102,201	1,036,339	1,289,463	155,811	4,695,780	25,011,907	145,095,647

	Properties and buildings	Machinery	Transportation equipment	Electronic equipment	Special equipment	Other equipment	Exterior facilities and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023 and 1 January 2024									
Cost	58,150,262	105,210,440	222,144	2,288,226	1,326,524	357,678	6,701,582	25,493,514	199,750,370
Accumulated depreciation	(5,199,394)	(42,218,183)	(119,943)	(1,251,267)	(37,061)	(200,115)	(2,005,802)	–	(51,031,765)
Accumulated impairment	(296,651)	(2,842,328)	–	(620)	–	(1,752)	–	(481,607)	(3,622,958)
Net carrying amount	52,654,217	60,149,929	102,201	1,036,339	1,289,463	155,811	4,695,780	25,011,907	145,095,647
Nine months ended 30 September 2024									
Opening net carrying amount	52,654,217	60,149,929	102,201	1,036,339	1,289,463	155,811	4,695,780	25,011,907	145,095,647
Additions	177,694	375,867	22,857	30,620	222,864	1,812	90,894	17,142,054	18,064,662
Disposals	(59,271)	(585,311)	(9,419)	(1,793)	(224)	(28,887)	–	–	(684,905)
Depreciation	(2,260,885)	(14,296,336)	(21,300)	(277,687)	(136,870)	(73,338)	(1,016,552)	–	(18,082,968)
Impairment	(946,205)	(1,508,303)	–	(29)	(151,435)	–	–	(602,014)	(3,207,986)
Transfer from construction in progress	3,887,440	9,180,602	11,707	200,329	1,671,654	47,587	758,735	(15,758,054)	–
Transfer to right-of-use assets	–	–	–	–	–	–	–	(592,919)	(592,919)
Exchange realignment	(93,917)	(177,990)	1,831	(364)	–	62,224	–	–	(208,216)
Closing net carrying amount	53,359,073	53,138,458	107,877	987,415	2,895,452	165,209	4,528,857	25,200,974	140,383,315
As at 30 September 2024									
Cost	62,134,845	111,887,577	267,382	2,494,915	3,240,019	434,346	7,551,212	25,866,475	213,876,771
Accumulated depreciation	(7,443,981)	(54,566,477)	(159,505)	(1,507,187)	(193,132)	(267,385)	(3,022,355)	–	(67,160,022)
Accumulated impairment	(1,331,791)	(4,182,642)	–	(313)	(151,435)	(1,752)	–	(665,501)	(6,333,434)
Closing net carrying amount	53,359,073	53,138,458	107,877	987,415	2,895,452	165,209	4,528,857	25,200,974	140,383,315

Notes:

(a) Impairment of property, plant and equipment

Manufacture EV batteries (the "Battery CGUs")

During the Track Record Period, management of the Company conducted the impairment assessments on certain Battery CGUs. The value-in-use calculations were based on the cash flow projections based on the latest financial budgets approved by the Company's management covering a five-year period. Management determines annual sales rate to be a key assumption as it is the main driver for revenue and costs in each period. The annual sales growth rate is determined based on past performance, management's expectation of market development and the expected production capacity of the battery related assets. The pre-tax discount rate used reflects specific risks relating to the relevant business.

Battery mineral resources (the "Mining CGUs")

During the Track Record Period, the management performed impairment assessments of certain Mining CGUs. The recoverable amounts of the Mining CGUs had been determined based on value-in-use calculations using cash flow projections over the expected life of the mine, which based on budgeted sales and operating costs of the business and working capital needs that have taking into consideration of the future economic conditions, expected production capacity, ore reserve estimates, ore prices, cost of production over the expected life of the mine and the pre-tax discount rate.

(b) The Group's properties and buildings are located in the PRC and the carrying amounts of the properties and buildings amounted to RMB18,111,472,000, RMB9,823,033,000 and RMB8,062,883,000 as at 31 December 2022 and 2023 and 30 September 2024, respectively, are in the process of obtaining the property ownership certificates. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group's consolidated statements of financial positions as at 31 December 2022 and 2023 and 30 September 2024.

The Group has pledged certain property, plant and equipment with the following carrying amounts to secure borrowings granted to the Group. Details of the Group's assets pledged for the Group's borrowings are disclosed in Note 40 to the Historical Financial Information.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Properties and buildings	3,091,075	3,603,968	5,196,632
Machinery	2,283,080	223,837	1,437,558
Construction in progress	254,070	1,139,761	1,268,763
Total	5,628,225	4,967,566	7,902,953

17. RIGHT-OF-USE ASSETS

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Prepaid lease payments	Leased properties and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	4,238,119	678,625	4,916,744
Additions	3,532,085	338,191	3,870,276
Disposals	(290)	(6,298)	(6,588)
Depreciation	(143,983)	(161,384)	(305,367)
As at 31 December 2022 and 1 January 2023	7,625,931	849,134	8,475,065
Additions	1,219,927	115,140	1,335,067
Disposals	(25,624)	(468,747)	(494,371)
Depreciation	(160,189)	(117,593)	(277,782)
Impairment	(21,576)	–	(21,576)
As at 31 December 2023 and 1 January 2024	8,638,469	377,934	9,016,403
Additions	412,364	684,051	1,096,415
Disposals	(64,491)	(3,852)	(68,343)
Depreciation	(189,683)	(161,591)	(351,274)
Impairment	(281,164)	–	(281,164)
Transfer from construction in progress	592,919	–	592,919
As at 30 September 2024	9,108,414	896,542	10,004,956

Certain prepaid lease payments are pledged for the Group's borrowings, details are disclosed in Note 40 to the Historical Financial Information.

18. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period			
Gross carrying amount	527,851	704,065	884,550
Accumulated impairment	–	–	(176,668)
	527,851	704,065	707,882
Net carrying amount at the beginning of the year/period	527,851	704,065	707,882
Acquisition of subsidiaries *(Note 47.1)*	176,214	239,311	181,080
Impairment *(Note (a))*	–	(176,668)	–
Disposal of a subsidiary	–	(98,468)	–
Deregistration of a subsidiary	–	(25,612)	–
Exchange realignment	–	65,254	(5,261)
Net carrying amount at the end of the year/period	704,065	707,882	883,701
At the end of the year/period			
Gross carrying amount	704,065	884,550	1,060,369
Accumulated impairment	–	(176,668)	(176,668)
	704,065	707,882	883,701

Notes:

(a) At the end of each reporting period, the recoverable amounts of all CGUs have been assessed by management, which were determined based on value-in-use calculations covering a detailed five-year budget plan followed by an extrapolation of expected cash flows. The recoverable amounts for the CGUs, excluding one of the CGUs, were assessed to exceed their carrying amounts as at 31 December 2022, 2023 and 30 September 2024. Accordingly, no impairment loss has been recognised for these CGUs.

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of that CGU. According to the management's estimation of the recoverable amount of that CGU, an impairment loss of RMB176,668,000 was recognised.

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment of these CGUs:

(i) Revenue growth rate and terminal growth rate

Based on past performance and management's expectations for market development. For prudence sake, the management considered the terminal growth rate as Nil for the CGUs.

(ii) Pre-tax discount rate

The pre-tax discount rate used is before tax and reflects specific risk relating to the relevant unit.

(b) Apart from the considerations described in determining the value-in-use of the CGUs above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates and could cause the CGUs' carrying amounts to exceed their recoverable amounts.

19. INTANGIBLE ASSETS

	Patent rights and non-patented technologies	Software	Mining and exploration rights	Trademarks and domain names	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022					
Cost	344,481	341,397	–	62,730	748,608
Accumulated amortisation	(272,975)	(234,146)	–	–	(507,121)
Net carrying amount	71,506	107,251	–	62,730	241,487
Year ended 31 December 2022					
Opening net carrying amount	71,506	107,251	–	62,730	241,487
Additions	78,098	198,408	1,490,717	–	1,767,223
Disposals	–	(2,211)	–	–	(2,211)
Amortisation	(44,957)	(46,690)	(819)	–	(92,466)
Closing net carrying amount	104,647	256,758	1,489,898	62,730	1,914,033
As at 31 December 2022 and 1 January 2023					
Cost	422,579	501,817	1,490,717	62,730	2,477,843
Accumulated amortisation	(317,932)	(245,059)	(819)	–	(563,810)
Net carrying amount	104,647	256,758	1,489,898	62,730	1,914,033
Year ended 31 December 2023					
Opening net carrying amount	104,647	256,758	1,489,898	62,730	1,914,033
Additions *(Note (a))*	490,525	193,137	6,454,813	–	7,138,475
Disposals	(9,750)	(1,351)	–	–	(11,101)
Amortisation	(56,789)	(100,639)	(13,375)	–	(170,803)
Impairment *(Note (b))*	–	–	(1,833,197)	–	(1,833,197)
Closing net carrying amount	528,633	347,905	6,098,139	62,730	7,037,407
As at 31 December 2023 and 1 January 2024					
Cost	897,323	693,219	7,945,530	62,730	9,598,802
Accumulated amortisation	(368,690)	(345,314)	(14,194)	–	(728,198)
Accumulated impairment	–	–	(1,833,197)	–	(1,833,197)
Net carrying amount	528,633	347,905	6,098,139	62,730	7,037,407
Nine months ended 30 September 2024					
Opening net carrying amount	528,633	347,905	6,098,139	62,730	7,037,407
Additions	1,476	101,888	93,412	–	196,776
Disposals	(708)	(453)	–	–	(1,161)
Amortisation	(103,082)	(29,566)	(24,721)	–	(157,369)
Impairment *(Note (b))*	–	–	(1,735,914)	–	(1,735,914)
Closing net carrying amount	426,319	419,774	4,430,916	62,730	5,339,739
As at 30 September 2024					
Cost	898,091	756,860	8,038,942	62,730	9,756,623
Accumulated amortisation	(471,772)	(337,086)	(38,915)	–	(847,773)
Accumulated impairment	–	–	(3,569,111)	–	(3,569,111)
Closing net carrying amount	426,319	419,774	4,430,916	62,730	5,339,739

Notes:

(a) The additions during the year ended 31 December 2023 were mainly due to the acquisition of assets from Yajiang Snowway Mining Development Co., Ltd. amounted to RMB5,860,546,000. Details of which are disclosed in Note 47.2 to the Historical Financial Information.

(b) As at 31 December 2023 and 30 September 2024, management determined that the mining and exploration rights of certain subsidiaries were impaired due to the market price of the lithium concentrate has dropped significantly since 2023, and management expected the price is still in a downtrend. Hence, management had performed an impairment assessment on certain Mining CGUs for these reporting periods. The recoverable amounts of these Mining CGUs were measured based on value-in-use calculations using cash flow projections based on financial budgets approved by management.

The following describes each key assumption on which management has based on its cash flow projections to undertake the impairment testing of these Mining CGUs:

(i) Pre-tax discount rate

The pre-tax discount rate used is before tax and reflects specific risks relating to the relevant unit.

(ii) Revenue growth rate

The revenue growth rate is based on the productive capacity.

(iii) Projection period

The projection period is determined on a comprehensive basis based on the recoverable reserves of the mine owned by the Company and the Company's production capacity.

(c) Certain intangible assets are pledged for the Group's borrowings, details are disclosed in Note 40 to the Historical Financial Information.

20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) Investments in associates

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments	13,957,194	16,953,481	19,264,150
Listed investments	2,918,368	32,014,354	33,408,027
	16,875,562	48,967,835	52,672,177
At the beginning of the year/period	9,569,932	16,875,562	48,967,835
Additions *(Note (i))*	4,317,177	31,292,971	1,693,338
Disposals	(167,768)	(2,060,741)	(62,121)
Share of results, net	2,622,188	3,589,347	2,766,269
Share of other comprehensive (loss)/income, net	(56,198)	524,934	821
Share of non-controlling interest	–	138,609	(19,752)
Gain on deemed disposal of investments in associates	–	581,001	72,474
Change in other equity	–	766,860	26,696
Dividends declared	(296,062)	(1,780,523)	(1,186,128)
Exchange differences	107,516	(21,955)	(58,154)
Unrealised profit/(loss)	778,777	(442,991)	470,899
Less: provision for impairment loss	–	(495,239)	–
At the end of the year/period	16,875,562	48,967,835	52,672,177

Notes:

(i) The Group's investments in associates mainly included the investments in CMOC Group Limited. Details of the investments in CMOC Group Limited are disclosed in Note 47.2 to the Historical Financial Information. The acquisition was completed on 10 March 2023. CMOC Group Limited is a public listed company, and the Group as the second-largest shareholder, the Group's management believes it has significant influence over the associate. In the opinion of the management, except for CMOC Group Limited, there is no other investment in associate that is individually material to the Group.

(ii) Management has assessed the level of influence that the Group exercises on other associates and determined that it has significant influence through the board representation and other relevant facts and circumstances, even though the respective shareholding of some investments is below 20%. Accordingly, these investments have been classified as associates.

(iii) There were no material contingent liabilities relating to the Group's investments in associates.

CMOC Group Limited has published its consolidated financial statements for public use at the website of the Stock Exchange. The proportion of the Group's ownership to the associate is 24.68% as at 31 December 2023 and 30 September 2024 and the carrying amount of the Group's investment in the associate is reconciled by the Group's share of net assets of the associate and the fair value uplift and other adjustments.

The following table illustrates the aggregated financial information of associates that are not individually material:

	Year ended 31 December		Nine months ended 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates	16,875,562	20,052,713	22,200,322
Share of results, net	2,622,188	1,700,532	746,030
Share of total comprehensive income	2,565,990	1,697,685	822,059

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments	10,753,264	10,168,524	10,074,728
Listed investments	2,722,081	2,889,763	2,779,686
	13,475,345	13,058,287	12,854,414
At the beginning of the year/period	9,667,499	13,475,345	13,058,287
Additions	2,352,528	665,600	135,630
Disposals	(48,035)	(1,679,340)	–
Share of results, net	1,816,911	559,776	(381,585)
Share of other comprehensive income, net	(56,198)	(2,474)	76,021
Gain on deemed disposal of investments in associates	–	450,163	72,474
Change in other equity	–	601,288	–
Dividends declared	(257,360)	(616,280)	(106,413)
Less: provision for impairment loss	–	(395,791)	–
At the end of the year/period	13,475,345	13,058,287	12,854,414

(b) Investments in joint ventures

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments			
At the beginning of the year/period	1,379,101	719,645	1,059,859
Additions	58,070	145,000	704,551
Disposals	(37,693)	–	–
Share of results, net	(7,671)	156,415	(53,524)
Change in other equity	–	38,799	–
Dividends declared	–	–	(6,832)
Transfer to a subsidiary *(Note (iii))*	(672,162)	–	(200,900)
At the end of the year/period	719,645	1,059,859	1,503,154

Notes:

(i) The joint venture companies of the Group and its financial results were accounted for in the Historical Financial Information of the Group using the equity method.

(ii) Investments in joint ventures of the Group are mainly the investments in Fujian Contemporary Mindong New Energy Industry Equity Investment Partnership (Limited Partnership) and Fujian Contemporary Zeyuan Equity Investment Fund Partnership (Limited Partnership).

(iii) During the year ended 31 December 2022, a joint venture amended its articles of association, changing the requirement for major decisions from needing the consent of all shareholders to being determined by shareholding proportions. Since the Group holds 54% shareholding of the joint venture, the joint venture became a subsidiary of the Group and its financial statements was consolidated for the year ended 31 December 2022.

During the nine months ended 30 September 2024, the Group acquired an additional interest of 47.78% shareholding in one of the joint ventures for a consideration of RMB299,433,000. Following this acquisition, the Group's shareholding in the joint venture increased from 46.66% to 94.44% and obtained the control in the joint venture.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments			
At the beginning of the year/period	1,386,464	691,752	1,031,966
Additions	21,906	145,000	700,000
Disposal	(36,716)	–	–
Share of results, net	(7,740)	156,415	(54,293)
Change in other equity	–	38,799	–
Dividends declared	–	–	(6,832)
Transfer to subsidiary	(672,162)	–	(200,900)
At the end of the year/period	691,752	1,031,966	1,469,941

21. FINANCIAL ASSETS AT FVTPL

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
– Equity investments at fair value *(Note (a))*	2,645,307	2,816,190	2,980,958
Current:			
– Wealth management products and structured deposits *(Note (b))*	1,981,328	7,767	22,002,410
	4,626,635	2,823,957	24,983,368

Notes;

(a) Financial assets at FVTPL comprise unlisted equity securities which are held for trading.

(b) The wealth management products are managed by licensed financial institutions in the PRC to invest principally in certain financial assets.

22. FINANCIAL ASSETS AT FVTOCI

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
– Equity investments at fair value *(Note (a))*	20,491,264	14,128,318	13,024,738
Current:			
– Trade and bills receivables measured at FVTOCI *(Note (b))*	18,965,715	55,289,319	40,403,230
	39,456,979	69,417,637	53,427,968

Notes:

(a) Financial assets at FVTOCI comprise listed and unlisted equity investments which are not held for trading.

(b) Certain bills held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills maturity date were classified as "trade and bills receivables measured at FVTOCI" under financial assets at FVTOCI in the consolidated statements of financial position. As at the end of each reporting period, all the bills are with a maturity period of less than 12 months. The Group consider the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Transfer of all derecognised financial assets

During the Track Record Period, the Group (i) endorsed certain bills receivables for the settlement of trade and other payables; and (ii) discounted certain bills receivables to banks for raising of cash. In the opinion of the directors, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivables is low because all endorsed and discounted bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were not recognised in the Historical Financial Information. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivables at the end of each reporting period are RMB61,371,389,000, RMB23,735,684,000 and RMB26,395,304,000, respectively.

23. INVENTORIES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	5,196,430	5,055,901	8,250,988
Work in progress	15,716,914	10,080,744	12,050,867
Finished goods	59,504,149	33,609,112	37,187,837
Costs to fulfil a contract	1,317,956	1,271,307	3,229,448
	81,735,449	50,017,064	60,719,140
Less: provision for impairment *(Note)*	(5,066,550)	(4,583,174)	(5,503,865)
	76,668,899	45,433,890	55,215,275

Note: The Group reviews the condition of inventories and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review at each reporting date on a product-by-product basis and makes allowance by reference to the latest market prices and current market conditions.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	59,797,036	66,065,457	69,535,300
Less: ECL allowance	(1,830,519)	(2,044,923)	(2,832,590)
Trade receivables, net	57,966,517	64,020,534	66,702,710
Bills receivables	3,526,084	1,751,724	292,441
	61,492,601	65,772,258	66,995,151

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	65,670,980	69,980,342	73,415,090
Less: ECL allowance	(1,748,490)	(1,917,665)	(2,525,119)
Trade receivables, net	63,922,490	68,062,677	70,889,971
Bills receivables	1,541,884	40,372	–
	65,464,374	68,103,049	70,889,971

Certain trade and bills receivables are pledged as security for the Group's borrowings, details are disclosed in Note 40 to the Historical Financial Information.

The credit period granted to customers is generally within 60 days during the Track Record Period.

The aging analysis of trade receivables (based on date of revenue recognition), net of ECL allowance, is as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	57,901,029	63,442,438	65,754,231
Over 1 year but within 2 years	65,486	573,217	928,196
Over 2 years	2	4,879	20,283
	57,966,517	64,020,534	66,702,710

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	62,360,828	63,283,527	62,082,020
Over 1 year but within 2 years	1,561,555	4,775,691	8,783,739
Over 2 years	107	3,459	24,212
	63,922,490	68,062,677	70,889,971

Movements in ECL allowance on trade receivables are as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	684,135	1,830,519	2,044,923
ECL allowance recognised, net *(Note)*	1,148,889	214,676	791,620
Written off	(2,105)	–	(119)
Exchange alignment	(400)	(272)	(3,834)
At the end of the year/period	1,830,519	2,044,923	2,832,590

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	650,912	1,748,490	1,917,665
ECL allowance recognised, net *(Note)*	1,099,557	169,175	607,454
Written off	(1,979)	–	–
At the end of the year/period	1,748,490	1,917,665	2,525,119

As at 31 December 2022 and 2023 and 30 September 2024, all the Group's and the Company's bills receivables are neither past due nor impaired. The Group and the Company expect that there is no significant credit risk associated with bills receivables since they are held with state-owned or reputable banks in the PRC. The directors do not expect that there will be any significant credit losses from non-performance by these counterparties. No provision for loss allowance was made during the Track Record Period.

Note: During the Track Record Period, certain of the Group's and the Company's trade receivables with aging over three years were fully impaired.

25. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract assets	184,570	266,257	390,540
Less: ECL allowance	(9,707)	(32,293)	(27,398)
	174,863	233,964	363,142

Contract assets primarily arise from the sales of battery-related business. Contract assets represent the rights to receive considerations for the transfer of goods to customers. Contract assets arise when the fulfilment of performance obligations is earlier than the progress payments agreed in the contract, which would be transferred to trade receivables when the contract meets the conditions for unconditional rights to receive payments.

The Group provides customers to retain a certain percentage of the contract value in retention period. This amount is included in "contract assets" as the Group's entitlement to this final payment is conditional on the Group's satisfactory work until the end of retention period. The increases in contract assets are primarily due to the increase in the Group's revenue during the Track Record Period.

(b) Contract liabilities

Contract liabilities represent to the obligation to transfer goods to customers in consideration of payments received or receivable from customers. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Current	22,444,785	23,982,352	22,651,662
– Non-current	6,910,284	6,093,840	5,460,757
	29,355,069	30,076,192	28,112,419

The Group receives payments of the contract from customers based on billing schedule as set out in the contracts for providing new energy applications including EV batteries, ESS batteries, sales of battery materials and recycling.

Majority of contract liabilities at the beginning of each reporting period were recognised as revenue during the Track Record Period.

26. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Deposits *(Note (a))*	7,913,875	8,779,715	8,689,720
Finance lease receivables	44,316	9,840	112,981
Prepayment on construction and equipment	11,766,627	8,077,426	11,092,976
Prepayment for inventories *(Note (a))*	4,097,041	3,170,453	2,053,888
Others	1,323,774	1,117,479	607,122
	25,145,633	21,154,913	22,556,687
Current:			
Deposits and other assets	8,792,816	3,648,556	3,731,693
Prepayments *(Note (b))*	15,843,284	6,962,873	6,887,338
Finance lease receivables	403,712	56,828	200,636
Interest receivables	903,595	2,595,682	4,891,845
Prepaid corporate income tax	360,193	349,675	150,782
Other tax receivables *(Note (c))*	11,360,316	7,863,809	6,239,810
Others	186,519	72,540	186,932
Less: ECL allowance	(114,436)	(209,992)	(289,806)
	37,735,999	21,339,971	21,999,230
	62,881,632	42,494,884	44,555,917

Notes:

(a) As at 31 December 2022 and 2023 and 30 September 2024, there was prepayment for inventories due from an associate of RMBNil, RMB3,170,453,000 and RMB2,051,739,000 respectively and deposits due from an associate of RMBNil, RMB8,779,715,000 and RMB8,689,720,000 respectively.

(b) The Group had made advance payments for purchase of inventories to secure the inventory supply. These advance payments are expected to be realised within twelve months from the end of the reporting period.

(c) The amounts represent prepaid tax and surcharges levied.

The movements on the ECL allowance of deposits and other assets are as follows:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	25	–	117,028	117,053
Provision/(Reversal)	140	–	(2,781)	(2,641)
Addition through acquisition of subsidiaries	184	–	–	184
Written off	(160)	–	–	(160)
As at 31 December 2022 and 1 January 2023	189	–	114,247	114,436
Provision/(Reversal)	53,612	–	(14,247)	39,365
Addition through acquisition of subsidiaries	48,121	–	8,070	56,191
As at 31 December 2023 and 1 January 2024	101,922	–	108,070	209,992
Provision	100,098	–	–	100,098
Written off	(20,240)	–	–	(20,240)
Exchange alignment	(44)	–	–	(44)
As at 30 September 2024	181,736	–	108,070	289,806

The Company

The Company's prepayments, deposits and other assets mainly comprise prepayment for inventories, deposits, prepayments and other tax receivables.

27. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments are measured at fair value and are summarised below:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash flow hedges			
– Foreign exchange risk contracts	597,912	(1,934,010)	(1,326,824)
– Commodity price risk contracts	(22,274)	(49,262)	36,483
	575,638	(1,983,272)	(1,290,341)
Fair value hedge			
– Foreign exchange risk contracts	–	(1,958,138)	(1,209,036)
	575,638	(3,941,410)	(2,499,377)

(a) Cash flow hedges

The Group uses forward foreign exchange risk to mitigate exchange rate exposure arising from forecast sales and purchase and commodity price risk contracts that meet the definition of a derivatives as defined by IFRS 9, to mitigate commodity price risk exposure arising from price fluctuation in raw materials related to production of products on the Group's business. The hedging ineffectiveness for both foreign exchange risk contracts and commodity price risk contract during the Track Record Period were insignificant.

The hedge relationships relate to the foreign exchange risk and commodity price risk arising from the highly probable sales and purchase transactions and the resulting receivable, payable and inventory. Reclassification to profit or loss occurs at the time of the associated transactions being recognised and then further movements to profit or loss to match the retranslation of the associated receivable, payable and inventory. The above movements relating to the hedging instruments and hedged items exclude those elements reclassified by the reporting date. The maturity of the hedging instruments are less than 12 months.

(b) Fair value hedge

The Group uses foreign exchange risk contracts to manage its exposure to foreign exchange rate fluctuations, mainly to mitigate the currency risk of cash and cash equivalents that denominated in foreign currency. The hedged items and the hedging instruments are denominated in the same currency and as a result the hedging instruments are considered as highly effective hedging instruments. The hedging ineffectiveness for the Track Record Period were insignificant.

(c) Hedging relationships

The potential sources of ineffectiveness result from either (i) differences between the timing of the cash flows of the hedged item and hedging instrument and potential credit risk or (ii) over-hedging may volumes of highly probable transactions fall below hedged amounts. The likelihood of the above factors is low. At the current time, no significant ineffectiveness has arisen from the above factors.

28. BANK BALANCES, DEPOSITS AND CASH

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	157,629,318	238,165,487	234,953,904
Time deposits and restricted cash *(Note)*	32,510,497	23,545,346	24,832,174
	190,139,815	261,710,833	259,786,078

Note: Time deposits and restricted cash include bank deposits with original maturities over three months and due within one year and guarantee deposits for letter of bank acceptance notes, letters of guarantee, letters of credit and issuance of bills payable. Certain restricted cash is pledged as security for the Group's borrowings, details are disclosed in Note 40 to the Historical Financial Information.

The Company

The Company's bank balances, deposits and cash mainly comprise cash and cash equivalents, time deposits and restricted cash.

29. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	9,483,660	17,395,585	22,121,063
Deferred tax liabilities	(1,807,813)	(1,364,906)	(1,180,577)
	7,675,847	16,030,679	20,940,486
At the beginning of the year/period	4,503,979	7,675,847	16,030,679
Recognised in profit or loss *(Note 12)*	4,441,682	7,652,592	4,545,624
(Reversed)/Recognised in other comprehensive income	(527,153)	806,036	274,516
Others	(742,661)	(103,796)	89,667
At the end of the year/period	7,675,847	16,030,679	20,940,486

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period are as follows:

	Tax losses	ECL allowance and impairment provision	Employee benefits	Accrued expenses	Provisions	Deferred income	Fair value change of financial assets at FVTOCI	Amortisation and depreciation	Unrealised profit on intra-group transactions	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	133,851	598,208	2,051,816	156,615	1,534,766	420,899	14,689	459,650	138,245	33,816	5,542,555
Recognised/(Reversed) in profit or loss	292,830	613,666	547,574	(41,821)	1,494,028	750,720	–	74,782	723,474	104,602	4,559,855
Recognised/(Reversed) in other comprehensive income	–	–	–	–	–	–	186,621	–	–	(62,710)	123,911
Others	–	–	(671,109)	–	–	–	–	–	–	(71,552)	(742,661)
As at 31 December 2022 and 1 January 2023	426,681	1,211,874	1,928,281	114,794	3,028,794	1,171,619	201,310	534,432	861,719	4,156	9,483,660
Recognised in profit or loss	380,872	455,774	807,199	124,240	4,615,630	811,152	–	438,697	137,298	38,176	7,809,038
(Reversed)/Recognised in other comprehensive income	–	–	–	–	–	–	(89,707)	–	–	296,390	206,683
Others	–	–	(439,805)	–	–	–	–	–	–	336,009	(103,796)
As at 31 December 2023 and 1 January 2024	807,553	1,667,648	2,295,675	239,034	7,644,424	1,982,771	111,603	973,129	999,017	674,731	17,395,585
Recognised/(Reversed) in profit or loss	144,861	219,774	497,252	27,200	2,260,407	636,532	–	573,054	360,519	(175,672)	4,543,927
Recognised in other comprehensive income	–	–	–	–	–	–	199,518	–	–	(107,634)	91,884
Others	–	–	(1,152)	–	–	–	–	–	–	90,819	89,667
As at 30 September 2024	952,414	1,887,422	2,791,775	266,234	9,904,831	2,619,303	311,121	1,546,183	1,359,536	482,244	22,121,063

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period are as follows:

	Appreciation of assets acquired in business combinations	Fair value change of financial assets at FVTOCI	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	20,944	998,877	18,755	1,038,576
Recognised in profit or loss	52,129	–	66,044	118,173
Recognised in other comprehensive income	–	651,064	–	651,064
As at 31 December 2022 and 1 January 2023	73,073	1,649,941	84,799	1,807,813
Recognised in profit or loss	29,329	–	127,117	156,446
Reversed in other comprehensive income	–	(599,353)	–	(599,353)
As at 31 December 2023 and 1 January 2024	102,402	1,050,588	211,916	1,364,906
Recognised/(Reversed) in profit or loss	6,915	–	(8,612)	(1,697)
Reversed in other comprehensive income	–	(182,632)	–	(182,632)
As at 30 September 2024	109,317	867,956	203,304	1,180,577

(c) Deferred tax assets not recognised

Deferred tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognised as deferred tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred tax assets at the end of each reporting period:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	2,371,110	4,664,733	8,259,560
Deductible temporary differences	241,036	3,676,118	6,568,913
	2,612,146	8,340,851	14,828,473

The Group has unused tax losses of RMB2,371,110,000, RMB4,664,733,000 and RMB8,259,560,000 as at 31 December 2022 and 2023 and 30 September 2024, respectively, available for offset against future profits. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB531,885,000, RMB184,974,000 and RMB259,972,000, respectively, can be carried forward indefinitely.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
2023	17,136	–	–
2024	83,124	81,159	–
2025	112,400	66,229	61,652
2026	556,779	420,739	344,648
2027 and beyond	1,601,671	N/A	N/A
2027	N/A	1,124,087	1,038,685
2028 and beyond	–	2,972,519	N/A
2028	–	–	2,967,767
2029 and beyond	–	–	3,846,808
	2,371,110	4,664,733	8,259,560

30. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– that are not part of SFA	51,769,974	57,579,416	65,521,294
– that are part of the SFA *(Note 38)*	13,748,070	32,731,394	36,673,967
	65,518,044	90,310,810	102,195,261
Bills payables	126,229,468	77,514,941	63,651,539
	191,747,512	167,825,751	165,846,800

The credit period granted by suppliers is generally within 90 days. As at the end of each reporting period, there were no significant trade payables aged over 1 year (on invoice date basis).

As at the end of each reporting period, no matured bills payable were unpaid.

Details of the Group's assets pledged for the Group's bills payables are disclosed in Note 40 to the Historical Financial Information.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables (including SFA)	59,703,514	92,302,821	87,416,850
Bills payables	99,327,776	52,680,163	44,034,145
	159,031,290	144,982,984	131,450,995

31. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Deferred income	19,966,702	21,448,987	21,899,574
Premium payables on acquiring mining rights	–	170,256	156,653
Redemption liability *(Note (a))*	–	25,247,626	–
Other payables	–	–	119,875
	19,966,702	46,866,869	22,176,102
Current			
Accrued expenses *(Note (b))*	3,077,310	3,258,954	2,359,270
Construction and equipment payables	29,016,932	26,727,963	20,944,754
Dividend payables	8,320	29,916	22,722
Deposits received	8,055,298	8,763,865	5,511,717
Employee benefits payables	9,476,018	14,846,251	17,368,872
Other tax liabilities	2,197,550	3,712,029	4,384,277
Premium payables on acquiring mining rights	–	23,740	19,548
Others	3,873,145	1,601,269	1,522,921
	55,704,573	58,963,987	52,134,081
	75,671,275	105,830,856	74,310,183

Notes:

(a) It mainly comprised redemption liability arising from put option arrangements with non-controlling shareholders of acquired a subsidiary. Details of the acquisition of the subsidiary are disclosed in Note 47.2 to the Historical Financial Information.

(b) Accrued expenses mainly comprise payables to transportation companies and accrued water and electricity charges.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Deferred income	614,668	570,785	435,755
Current			
Accrued expenses	1,652,650	1,689,854	1,411,578
Amounts due to subsidiaries	2,142,341	5,499,462	5,502,191
Construction and equipment payables	4,303,641	2,418,932	1,509,120
Dividend payables	8,320	6,976	22,722
Deposits received	7,052,965	7,762,763	5,187,594
Employee benefits payables	7,116,679	10,887,193	13,542,523
Other tax liabilities	1,979,051	2,369,475	2,380,833
Others	2,163,745	103,528	150,754
	26,419,392	30,738,183	29,707,315
	27,034,060	31,308,968	30,143,070

32. BORROWINGS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Pledged borrowings *(Note (b))*	452,784	653,643	953,452
Mortgaged borrowings	5,038,093	5,328,538	5,517,401
Mortgaged and guaranteed borrowings *(Notes (b), (c))*	5,668,290	9,266,159	10,628,066
Guaranteed borrowings *(Note (c))*	27,134,448	36,492,569	36,000,637
Credit borrowings	38,935,167	53,523,844	56,267,468
Secured other borrowings	1,343,578	1,383,435	1,370,946
Corporate bonds *(Note (d))*	22,289,408	19,447,655	19,320,433
Total borrowings	100,861,768	126,095,843	130,058,403
Less: current portion			
Pledged borrowings *(Note (b))*	452,784	300,203	494,110
Mortgaged borrowings *(Note (b))*	698,411	493,174	662,043
Mortgaged and guaranteed borrowings *(Notes (b), (c))*	208,626	131,100	666,826
Guaranteed borrowings *(Note (c))*	3,475,266	3,006,073	2,319,291
Credit borrowings	13,294,337	17,885,221	19,780,318
Secured other borrowings	293,578	33,435	20,946
Corporate bonds *(Note (d))*	3,111,519	210,641	7,215,648
	21,534,521	22,059,847	31,159,182
	79,327,247	104,035,996	98,899,221

As at 31 December 2022 and 2023 and 30 September 2024, the borrowings bear effective interest rates from 0.65% to 6.25%, 1.20% to 6.33% and 0.75% to 6.61% per annum respectively.

Notes:

(a) Bank's credit facilities amounted to RMB164,031,649,000, RMB337,257,824,000 and RMB383,750,111,000 had not been utilised as at 31 December 2022 and 2023 and 30 September 2024 respectively.

(b) Pledged borrowings were mainly secured by trade and bills receivables; mortgaged borrowings were mainly secured by property, plant and equipment, prepaid lease payments and intangible assets. Details of the Group's assets pledged for the Group's borrowings are disclosed in Note 40 to the Historical Financial Information.

(c) The amounts were guaranteed by the Company, subsidiaries within the Group and a related company.

(d) The details of corporate bonds are as follows:

As at 31 December 2022

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortisation	Redemption	Balance as carry forward	Breach the contract
	RMB'000	*%*			*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
19CATL01 *(Notes (i), (iv), (v))*	1,500,000	3.68%, 2.55%	25 Oct 2019	5 years	1,500,000	1,512,554	–	56,093	(13,100)	(1,345,200)	210,347	No
20CATL01 *(Notes (i), (iv), (v))*	3,000,000	3.63%	15 Jan 2020	5 years	3,000,000	3,106,564	–	108,900	4,955	(108,900)	3,111,519	No
22寧德時代GN001 *(Notes (ii), (v))*	5,000,000	2.90%	12 Dec 2022	5 years	5,000,000	–	5,000,000	12,083	(1,754)	–	5,010,329	No
CON RD B2509 and CON RD B3009 *(Note (iii))*	9,787,350	1.875%, 2.625%	10 Sep 2020	5 years and 10 years	9,787,350	9,569,493	–	221,997	909,469	(221,997)	10,478,962	No
CON RD B2609 *(Note (iii))*	3,187,850	1.50%	2 Sep 2021	5 years	3,187,850	3,178,995	–	52,235	299,256	(52,235)	3,478,251	No
						17,367,606	5,000,000	451,308	1,198,826	(1,728,332)	22,289,408	

As at 31 December 2023

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortisation	Redemption	Balance as carry forward	Breach the contract
	RMB'000	*%*			*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
19CATL01 *(Notes (i), (iv), (v))*	1,500,000	3.68%, 2.55%	25 Oct 2019	5 years	1,500,000	210,347	–	5,354	295	(5,355)	210,641	No
20CATL01 *(Notes (i), (iv), (v))*	3,000,000	3.63%	15 Jan 2020	5 years	3,000,000	3,111,519	–	9,075	(11,694)	(3,108,900)	–	No
22寧德時代GN001 *(Notes (ii), (v))*	5,000,000	2.90%	12 Dec 2022	5 years	5,000,000	5,010,329	–	145,000	337	(145,000)	5,010,666	No
CON RD B2509 and CON RD B3009 *(Note (iii))*	9,787,350	1.875%, 2.625%	10 Sep 2020	5 years and 10 years	9,787,350	10,478,962	–	225,761	204,333	(225,761)	10,683,295	No
CON RD B2609 *(Note (iii))*	3,187,850	1.50%	2 Sep 2021	5 years	3,187,850	3,478,251	–	53,120	64,802	(53,120)	3,543,053	No
						22,289,408	–	438,310	258,073	(3,538,136)	19,447,655	

As at 30 September 2024

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the period	Accrued interest	Premium discount amortisation	Redemption	Balance as carry forward	Breach the contract
	RMB'000	*%*			*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
19CATL01 *(Notes (i), (iv), (v))*	1,500,000	3.68%, 2.55%	25 Oct 2019	5 years	1,500,000	210,641	–	4,016	226	–	214,883	No
22寧德時代GN001 *(Notes (ii), (v))*	5,000,000	2.90%	12 Dec 2022	5 years	5,000,000	5,010,666	–	108,750	260	–	5,119,676	No
CON RD B2509 and CON RD B3009 *(Note (iii))*	9,787,350	1.875%, 2.625%	10 Sep 2020	5 years and 10 years	9,787,350	10,683,295	–	176,828	(147,515)	(223,361)	10,489,247	No
CON RD B2609 *(Note (iii))*	3,187,850	1.50%	2 Sep 2021	5 years	3,187,850	3,543,053	–	39,417	(33,287)	(52,556)	3,496,627	No
						19,447,655	–	329,011	(180,316)	(275,917)	19,320,433	

Notes:

(i) The bonds were listed on Shenzhen Stock Exchange.

(ii) The bond was issued on the China Interbank Bond Market.

(iii) The bonds were listed on Hong Kong Stock Exchange.

(iv) The Company has the right to decide whether to adjust the coupon rate for the subsequent two years at the end of the third year of the bond's duration. The Company will announce whether to adjust the coupon rate and the extent of the adjustment on the media designated by the China Securities Regulatory Commission 20 trading days before the interest payment date of the third year. Investors have the right to request the Company to repurchase all or part of the bonds they hold within five trading days after the announcement is made.

(v) These corporate bonds are held by the Company.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mortgaged borrowings	953,031	888,873	824,730
Credit borrowings	25,165,925	32,626,787	36,135,872
Corporate bonds	8,332,195	5,221,307	5,334,559
Total borrowings	34,451,151	38,736,967	42,295,161
Less current portion			
Mortgaged borrowings	48,931	64,773	64,630
Credit borrowings	1,774,674	1,495,112	4,816,424
Corporate bonds	3,111,519	210,641	214,883
	4,935,124	1,770,526	5,095,937
	29,516,027	36,966,441	37,199,224

During the Track Record Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group's and the Company's borrowings were repayable as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Analysed as:			
Bank borrowings:			
– Within 1 year	18,129,424	21,815,771	23,922,588
– Over 1 year but within 2 years	7,599,605	17,901,721	25,251,131
– Over 2 years but within 5 years	26,383,267	37,111,975	36,935,825
– Over 5 years	25,116,486	28,435,286	23,257,480
	77,228,782	105,264,753	109,367,024
Other borrowings:			
– Within 1 year	293,578	33,435	20,946
– Over 1 year but within 2 years	–	–	–
– Over 2 years but within 5 years	300,000	–	600,000
– Over 5 years	750,000	1,350,000	750,000
	1,343,578	1,383,435	1,370,946
Corporate bonds:			
– Within 1 year	3,111,519	210,641	7,215,648
– Over 1 year but within 5 years	15,668,397	15,659,131	8,616,302
– Over 5 years	3,509,492	3,577,883	3,488,483
	22,289,408	19,447,655	19,320,433
	100,861,768	126,095,843	130,058,403

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Analysed as:			
Bank borrowings:			
– Within 1 year	1,823,605	1,559,885	4,881,054
– Over 1 year but within 2 years	1,494,723	11,146,164	13,606,099
– Over 2 years but within 5 years	11,456,904	9,266,725	8,936,993
– Over 5 years	11,343,724	11,542,886	9,536,456
	26,118,956	33,515,660	36,960,602
Corporate bonds:			
– Within 1 year	3,111,519	210,641	214,883
– Over 1 year but within 5 years	5,220,676	5,010,666	5,119,676
	8,332,195	5,221,307	5,334,559
	34,451,151	38,736,967	42,295,161

33. LEASE LIABILITIES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total minimum lease payments:			
– Within 1 year	140,143	119,458	123,228
– Over 1 year but within 5 years	345,729	250,380	684,767
– Over 5 years	348,292	62,851	106,625
	834,164	432,689	914,620
Future interest expense on lease liabilities	(148,708)	(43,094)	(104,970)
Present value of lease liabilities	685,456	389,595	809,650

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Present value of minimum lease payments:			
– Within 1 year	113,106	106,299	92,853
– Over 1 year but within 5 years	270,430	222,694	618,823
– Over 5 years	301,920	60,602	97,974
	685,456	389,595	809,650
Less: portion due within one year included under current liabilities	(113,106)	(106,299)	(92,853)
Portion due after one year included under non-current liabilities	572,350	283,296	716,797

The total cash outflows for the leases including short-term lease for the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024 were RMB765,815,000, RMB1,088,014,000, RMB806,021,000 and RMB1,043,285,000 respectively.

34. PROVISIONS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
After-sale service fee *(Note (a))*	13,976,990	28,390,013	36,088,638
Sale rebate *(Note (b))*	5,720,385	23,118,593	29,207,300
Others	–	130,307	134,271
	19,697,375	51,638,913	65,430,209

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
After-sale service fee *(Note (a))*	12,000,961	24,796,282	31,558,443
Sale rebate *(Note (b))*	5,276,707	21,472,240	28,313,251
	17,277,668	46,268,522	59,871,694

Notes:

(a) Provision for after-sale service fee is recognised when the underlying products are sold. Provision is made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. It is mainly based on cumulative sales of battery products within the warranty period, estimated maintenance cost per unit and estimated maintenance rate, etc..

(b) The Group and the Company have entered into contracts with certain customers that include rebate terms, and the Group and the Company recognise estimated liabilities based on the rebate terms stipulated in the contracts.

35. SHARE CAPITAL AND TREASURY SHARES

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Share capital	2,442,515	4,399,041	4,397,224	4,402,376
Treasury shares	253,991	1,572,972	249,412	2,776,133

The changes in share capital are as follows:

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Issued and fully paid:				
At the beginning of the year/period	2,330,851	2,442,515	2,442,515	4,399,041
Shares issued under restricted stock incentive schemes *(Notes (a), (b), (c), (d), (e), (f), (g), (h))*	1,908	2,618	801	3,335
Private placement *(Note (i))*	109,756	–	–	–
Conversion of capital reserve into share capital *(Note (j))*	–	1,953,908	1,953,908	–
At the end of the year/period	2,442,515	4,399,041	4,397,224	4,402,376
Number of ordinary shares (in thousands)	2,442,515	4,399,041	4,397,224	4,402,376

The changes in treasury shares are as follows:

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Paid-in capital/Nominal value of ordinary shares:				
At the beginning of the year/period	443,535	253,991	253,991	1,572,972
Shares issued under restricted stock incentive schemes *(Note (a))*	(189,544)	(184,658)	(4,579)	(4,592)
Repurchase of shares *(Note (k))*	–	1,503,639	–	1,207,753
At the end of the year/period	253,991	1,572,972	249,412	2,776,133
Number of treasury shares (in thousands)	7,185	12,601	3,514	19,271

Notes:

(a) On 19 August 2022, a total of 136,290 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan was cancelled, as participants have resigned or did not meet the performance requirements. Therefore, the share capital of RMB136,290, treasury stock of RMB4,807,690 and capital reserve of RMB4,671,400 were derecognised.

On 19 September 2022 and 26 September 2022, a total of 5,235,340 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan were released and listed for circulation, as 1,113 incentive objects have met the requirements for relieving the sales restriction. Therefore, the treasury stock of RMB184,736,200 were derecognised.

On 14 April 2023, a total of 129,560 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan was cancelled, as participants have resigned or did not meet the performance requirements. Therefore, the share capital of RMB129,560, treasury stock of RMB4,579,250 and capital reserve of RMB4,449,690 were derecognised.

On 19 September 2023 and 25 September 2023, a total of 9,185,782 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan were released and listed for circulation, as 1,061 incentive objects have met the requirements for relieving the sales restriction. Therefore, the treasury stock of RMB180,079,000 were derecognised.

On 17 June 2024, a total of 234,014 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan was cancelled, as participants have resigned or did not meet the performance requirements. Therefore, the share capital of RMB234,014, treasury stock of RMB4,592,477 and capital reserve of RMB4,358,463 were derecognised.

(b) During the year ended 31 December 2022, 1,694,725 of the restricted shares granted in 2020 Incentive Plan were vested in the current year. As at 4 November 2022, 3,835 incentive objects of the restricted shares granted in 2020 Incentive Plan met the vesting requirements, a total of 1,694,725 restricted shares were vested and listed for circulation. Therefore, contribution of RMB391,430,633 was received by the Company from the participants, share capital of RMB1,694,725 and capital reserve of RMB389,735,908 were recognised.

(c) During the year ended 31 December 2022, 348,792 of the restricted shares granted in 2021 Incentive Plan were vested in the current year. As at 21 November 2022, 3,865 incentive objects met the vesting requirements, a total of 348,792 restricted shares were vested and listed for circulation. Therefore, contribution of RMB106,517,588 was received by the Company from the participants, share capital of RMB348,792 and capital reserve of RMB106,168,796 were recognised.

(d) During the year ended 31 December 2023, 1,033,810 of the restricted shares granted in 2020 Incentive Plan were vested in the current year. As at 14 November 2023, 175 incentive objects met the vesting requirements, a total of 1,033,810 restricted shares were vested and listed for circulation. Therefore, contribution of RMB131,211,165 was received by the Company from the participants, share capital of RMB1,033,810 and capital reserve of RMB130,177,355 were recognised.

(e) During the year ended 31 December 2023, 783,539 of the restricted shares granted in 2021 Incentive Plan were vested in the current year. As at 21 November 2023, 3,429 incentive objects met the vesting requirements, a total of 783,539 restricted shares were vested and listed for circulation. Therefore, contribution of RMB131,838,272 was received by the Company from the participants, share capital of RMB783,539 and capital reserve of RMB131,054,733 were recognised.

(f) During the year ended 31 December 2023, 930,952 of the restricted shares granted in 2022 Incentive Plan were vested in the current year. As at 15 September 2022, 4,166 incentive objects met the vesting requirements, a total of 930,952 restricted shares were vested and listed for circulation. Therefore, contribution of RMB134,503,945 was received by the Company from the participants, share capital of RMB930,952 and capital reserve of RMB133,572,993 were recognised.

(g) During the nine months ended 30 September 2024, 1,209,851 of the restricted shares granted in 2022 Incentive Plan were vested. As at 20 September 2024, 3,903 incentive objects met the vesting requirements, a total of 1,209,851 restricted shares were vested and listed for circulation. Therefore, contribution of RMB168,713,722 was received by the Company from the participants, share capital of RMB1,209,851 and capital reserve of RMB167,503,871 were recognised.

(h) During the nine months ended 30 September 2024, 2,358,596 of the restricted shares granted in 2023 Incentive Plan were vested. As at 20 September 2024, 407 incentive objects met the vesting requirements, a total of 2,358,596 restricted shares were vested and listed for circulation. Therefore, contribution of RMB253,973,617 was received by the Company from the participants, share capital of RMB2,358,596 and capital reserve of RMB251,615,021 were recognised.

(i) On 4 July 2022, as approved by China Securities Regulatory Commission ("CSRC"), the Company issued a total of 109,756,097 A shares to 22 specific objects and was listed on the Shenzhen Stock Exchange, and raised funding of RMB44,999,999,770 through the issuance. Netting off the transaction cost of RMB129,886,562.36, the Company received a total of RMB44,870,113,207.64.

Per the private placement, the Group recognised share capital of RMB109,756,097 and capital reserve of RMB44,755,243,673, net of taxation.

(j) Pursuant to the "Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve" approved at the 2022 annual general meeting convened at 31 March 2023, the issued share capital of the Company was increased by capital conversion from capital reserve for RMB1,953,907,971 to issue new A shares, based on the total share capital of 2,442,384,964 shares at that time and in the proportion of ten for eight, to a total of 1,953,907,971 shares. After the conversion, the total number of A shares of the Company was 4,396,292,935 shares.

(k) For the year ended 31 December 2023, a total of 9,086,912 A shares have been repurchased, and treasury stocks amounting to RMB1,503,639,000, including RMB376,000 transaction cost, therefore were recognised. The shares were repurchased with an average price of RMB165.47 per share.

For the nine months ended 30 September 2024, a total of 6,904,612 A shares have been repurchased, and treasury stocks amounting to RMB1,207,752,756, including RMB302,000 transaction cost, therefore were recognised. The shares were repurchased with an average price of RMB174.92 per share.

36. SHARE-BASED EMPLOYEE COMPENSATIONS

(a) Share-based compensation expenses during the Track Record Period were as follows:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Equity settled share-based compensation	556,931	676,722	498,527	684,198

(b) Share option incentives plans

Pursuant to the 2021 Stock Option and Restricted Stock Incentive Plan (the "2021 Incentive Plan") approved at the 2021 second extraordinary general meeting of the Company on November 12, 2021, and the 40th meeting of the second session of the Board of the Company, the Company granted 1,898,250 share options to 279 incentive recipients which in initial grant portion and 513,800 share options to 71 incentive recipients which reserved grant portion, with a grant date of 19 November 2021, and an exercise price of RMB612.08 per share. According to the Company's performance appraisal and individual performance appraisal, the share options granted to certain middle-level management personnels are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 30% and 50%, respectively; the share options granted to certain middle-level management personnels are exercisable in four exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 25%, 25%, and 30%, respectively.

Pursuant to the "Proposal on the 2022 Semi-annual Profit Distribution" approved at the 2022 first extraordinary general meeting of the Company, the "Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve" approved at the 2022 annual general meeting, the "Proposal on the 2023 Profit Distribution Plan" approved at the 2023 annual general meeting, the exercise price of the share options under the 2021 Incentive Scheme was adjusted from RMB612.08 per share to RMB333.25 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

Pursuant to the 2022 Stock Option and Restricted Stock Incentive Plan (the "2022 Incentive Plan") approved at the 2022 first extraordinary general meeting of the Company on 5 September 2022, and the 11th meeting of the third session of the Board of the Company, the Company granted 1,609,598 share options to 163 incentive recipients which in initial grant portion and 51,021 share options to 4 incentive recipients which in reserved grant portion, with a grant date of 8 September 2022, and an exercise price of RMB526.46 per share. According to the Company's performance appraisal and individual performance appraisal, the share options granted to certain Directors, senior management members, and middle-level management personnels are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 30% and 50%, respectively; the share options granted to certain Directors, senior management members, and middle-level management personnels are exercisable in four exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 25%, 25%, and 30%, respectively, the share options granted to certain middle-level management personnels are exercisable in five exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 15%, 15%, 20%, 20%, and 30%, respectively.

Pursuant to the "Proposal on the 2022 Semi-annual Profit Distribution" considered and approved at the 2022 first extraordinary general meeting of the Company, the "Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve" considered and approved at the 2022 annual general meeting, the "Proposal on the 2023 Profit Distribution Plan" considered and approved at the 2023 annual general meeting, the exercise price of the share options under the 2022 Incentive Scheme was adjusted from RMB526.46 per share to RMB285.69 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

A summary of activities of the service-based share options is presented as follows:

	Number of share Option	Weighted average exercise price	Weighted average remaining contractual term
As at 1 January 2022	2,412,050	611.43	3.89
Granted	1,660,619	525.81	
Cancelled	(95,841)	590.97	
As at 31 December 2022 and 1 January 2023	3,976,828	576.17	2.89
Granted *(Notes (i), (ii), (iii))*	3,115,197	318.55	
Cancelled	(255,102)	330.65	
Lapsed	(790,510)	338.28	
As at 31 December 2023 and 1 January 2024	6,046,413	315.56	2.52
Cancelled	(29,293)	290.72	
Lapsed	(559,478)	290.72	
As at 30 September 2024	5,457,642	313.21	1.14
As at 1 January 2023 (audited)	3,976,828	576.17	2.89
Granted	3,115,197	318.55	
Cancelled	(89,320)	385.54	
As at 30 September 2023 (unaudited)	7,002,705	318.53	3.13

Notes:

(i) On 8 March 2023, and 31 March 2023, respectively, the 17th meeting of the third Board of Directors and the annual shareholders' meeting for the year 2022 of the Company approved the proposal on "Proposal on Profit Distribution and Capital Reserve Conversion into Capital Stock for the year 2022". Based on the current total share capital of the Company of 2,442,514,524 shares, a cash dividend of RMB25.20 (including tax) will be distributed to all shareholders for every 10 shares held, and at the same time, 8 shares will be issued for every 10 shares held from the capital reserve to all shareholders.

(ii) On 20 April 2023, the 18th meeting of the third session of the Board of the Company considered and approved the "Proposal on Adjusting Stock Option Exercise Price and Quantity, and Restricted Stock Grant Price and Quantity", adjusting the exercise price of stock options under the 2021 Incentive Plan from RMB611.43 per share to RMB338.28 per share and the quantity from 2,278,796 shares to 4,101,832 shares.

(iii) On 20 April 2023, the 18th meeting of the third session of the Board of the Company considered and approved the "Proposal to Adjust the Stock Option Exercise Price and Quantity and the Restricted Stock Grant Price and Quantity", adjusting the exercise price of stock options under the 2022 Incentive Plan from RMB525.81 per share to RMB290.72 per share and the quantity from 1,615,202 shares to 2,907,363 shares.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

	2021 Incentive Plan	2022 Incentive Plan
Share price at date of grant	RMB355.00	RMB249.72
Expected volatility	22.50% – 26.80%	25.55% – 27.41%
Expected option life	1-4 years	1-5 years
Dividend yield	1.00%	0.83%
Risk-free interest rate	1.50% – 2.75%	1.50% – 2.75%
Exercise price at date of grant	RMB612.08	RMB526.46

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Note: The Group recognises share-based compensations in capital reserve and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserve.

(c) Restricted Stock Incentive Plans

Pursuant to the proposals such as "Proposal on the 2018 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "2018 Incentive Plan") approved at the 2018 second extraordinary general meeting of the Company on 26 July 2018, the Company completed the registration of the initial grant of 22,580,400 type 1 restricted stock with lock-up period to 1,628 incentive participants in September 2018 at a grant price of RMB35.15 per share. Pursuant to the 2018 Incentive Plan, the restricted stock granted to middle-level management personnels will be unlocked in five periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 20% according to the Company's performance appraisal and individual performance appraisal, etc.; the restricted stock granted to core key employees will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Company's performance appraisal and individual performance appraisal, etc..

Pursuant to the proposals such as "Proposal on the 2019 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "2019 Incentive Plan") approved at the 2019 first extraordinary general meeting of the Company on July 16, 2019, the Company completed the registration of the initial grant of 13,954,700 type 1 restricted stock with lock-up period to 3,105 incentive participants in September 2019 at a grant price of RMB35.53 per share. Pursuant to the 2019 Incentive Plan, the restricted stock granted to middle-level management personnels and certain core employees will be unlocked in five periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 20% according to the Company's performance appraisal and individual performance appraisal, etc.; the restricted stock granted to core employees will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Company's performance appraisal and individual performance appraisal, etc..

Pursuant to the proposals such as "Proposal on the 2020 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "2020 Incentive Plan") approved at the 2020 third extraordinary general meeting of the Company on 29 October 2020, at the 24th meeting of the second session of the Board, it was confirmed that 4,520,600 type 2 restricted stock were granted to 4,573 incentive participants on 4 November 2020 as the grant date at a grant price of RMB231.86 per share. The restricted stock granted to the middle-level management personnels will be vested in three periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 34%, 33%, and 33%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.; the restricted stock granted to core key employees will be vested in two periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 50% according to the Company's performance appraisal and individual performance appraisal, etc..

Pursuant to the proposals such as "Proposal on the 2021 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "2021 Incentive Plan") approved at the 2021 second extraordinary general meeting of the Company on 12 November 2021, at the 40th meeting of the second session of the Board, it was confirmed that 1,850,240 type 2 restricted stock were granted to 4,208 incentive recipients which in initial grant portion and 28,940 type 2 restricted stock were granted to 46 incentive recipients which in reserved grant portion on 19 November 2021 as the grant date at a grant price of RMB306.04 per share. The restricted stock granted to the core key employees and certain middle-level management personnels will be vested in three periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 30%, and 50%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.; the restricted stock granted to certain middle-level management personnels will be vested in four periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 25%, 25% and 30%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc..

Pursuant to the "Proposal on the 2022 Semi-annual Profit Distribution" considered and approved at the 2022 first extraordinary general meeting of the Company, the "Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve" considered and approved at the 2022 annual general meeting, the "Proposal on the 2023 Profit Distribution Plan" considered and approved at the 2023 annual general meeting, the vesting price of the restricted stock under the 2021 Incentive Scheme was adjusted from RMB306.04 per share to RMB163.23 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

Pursuant to the proposals such as "Proposal on the 2022 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "2022 Incentive Plan") approved at the 2022 first extraordinary general meeting of the Company on September 5, 2022, at the 11th meeting of the third session of the Board, it was confirmed that 2,611,360 type 2 restricted stock were granted to 4,483 incentive recipients which in initial grant portion and 294,769 type 2 restricted stock were granted to 126 incentive recipients which in reserved grant portion on 8 September 2022 as the grant date at a grant price of RMB263.23 per share. The restricted stock granted to the core key employees and certain Directors, senior management members, and middle-level management personnels will be vested in three periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 30%, and 50%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.; the restricted stock granted to certain Directors, senior management members, and middle-level management personnels will be vested in four periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 25%, 25% and 30%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc..

Pursuant to the "Proposal on the 2022 Semi-annual Profit Distribution" considered and approved at the 2022 first extraordinary general meeting of the Company, the "Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve" considered and approved at the 2022 annual general meeting, the "Proposal on the 2023 Profit Distribution Plan" considered and approved at the 2023 annual general meeting, the vesting price of the restricted stock under the 2022 Incentive Scheme was adjusted from RMB263.23 per share to RMB139.45 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

Pursuant to the proposals such as "Proposal on the 2023 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "2023 Incentive Plan") approved at the 2023 first extraordinary general meeting of the Company on 24 August 2023, at the 23th meeting of the third session of the Board, it was confirmed that 10,090,401 type 2 restricted stock were granted to 422 incentive recipients which in initial grant portion and 1,039,602 type 2 restricted stock were granted to 16 incentive recipients which in reserved grant portion on 8 September 2023 as the grant date at a grant price of RMB112.71 per share. The restricted stock granted to certain middle-level management personnels will be vested in two periods after 12 months from the grant date, and the maximum vesting percentage in each period will be 50% and 50%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.; the restricted stock granted to certain senior management members and middle-level management personnels will be vested in five periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, according to the Company's performance appraisal and individual performance appraisal, etc..

The number of restricted stock granted to the Group's incentive participants is summarised as follows:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2023	2024
			(unaudited)	
As at beginning of the year/period	16,838,220	12,064,648	12,064,648	20,086,130
Granted	2,906,129	20,624,383	20,624,383	–
Vested	(7,278,857)	(11,934,083)	(10,116,734)	(3,568,447)
Lapse	(400,844)	(668,818)	(452,362)	(1,139,625)
	12,064,648	20,086,130	22,119,935	15,378,058

37. RESERVE

The Group

During the Track Record Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

The Company

	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Total
	RMB'000 *Note 35*	*RMB'000* *Note 35*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	2,330,851	(443,535)	44,963,903	2,600,973	1,165,426	23,902,051	74,519,669
Profit for the year	–	–	–	–	–	22,071,411	22,071,411
Other comprehensive income for the year	–	–	–	1,874,916	–	–	1,874,916
Total comprehensive income for the year	–	–	–	1,874,916	–	22,071,411	23,946,327
Appropriation of statutory reserve	–	–	–	–	55,832	(55,832)	–
Dividends declared *(Note 14)*	–	–	–	–	–	(1,593,064)	(1,593,064)
Share-based compensation expenses	–	–	554,825	–	–	–	554,825
Capital injection	111,664	189,544	45,145,888	–	–	–	45,447,096
Others	–	–	–	–	–	67,016	67,016
Transactions with owners	111,664	189,544	45,700,713	–	55,832	(1,581,880)	44,475,873

	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Total
	RMB'000 *Note 35*	*RMB'000* *Note 35*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022 and 1 January 2023	2,442,515	(253,991)	90,664,616	4,475,889	1,221,258	44,391,582	142,941,869
Profit for the year	–	–	–	–	–	32,904,709	32,904,709
Other comprehensive loss for the year	–	–	–	(4,526,057)	–	–	(4,526,057)
Total comprehensive (loss)/income for the year	–	–	–	(4,526,057)	–	32,904,709	28,378,652
Appropriation of statutory reserve	–	–	–	–	978,263	(978,263)	–
Share-based compensation expenses	–	–	664,798	–	–	–	664,798
Capital injection	2,618	(1,318,981)	390,355	–	–	–	(926,008)
Dividends declared *(Note 14)*	–	–	–	–	–	(6,154,689)	(6,154,689)
Conversion of capital reserve into share capital	1,953,908	–	(1,953,908)	–	–	–	–
Transfer of other comprehensive income to retained earnings	–	–	–	(316,612)	–	316,612	–
Others	–	–	1,070,181	–	–	–	1,070,181
Transactions with owners	1,956,526	(1,318,981)	171,426	(316,612)	978,263	(6,816,340)	(5,345,718)
As at 31 December 2023 and 1 January 2024	4,399,041	(1,572,972)	90,836,042	(366,780)	2,199,521	70,479,951	165,974,803
Profit for the period	–	–	–	–	–	45,387,637	45,387,637
Other comprehensive income for the period	–	–	–	418,376	–	–	418,376
Total comprehensive income for the period	–	–	–	418,376	–	45,387,637	45,806,013
Share-based compensation expenses	–	–	666,321	–	–	–	666,321
Capital injection	3,335	(1,203,161)	414,760	–	–	–	(785,066)
Dividends declared *(Note 14)*	–	–	–	–	–	(22,058,085)	(22,058,085)
Others	–	–	186,448	–	–	–	186,448
Transactions with owners	3,335	(1,203,161)	1,267,529	–	–	(22,058,085)	(21,990,382)
As at 30 September 2024	4,402,376	(2,776,133)	92,103,571	51,596	2,199,521	93,809,503	189,790,434

The directors of the Company considered that none of the non-wholly-owned subsidiaries have non-controlling interests that are material to the Group, therefore, no summarised financial information of these non-wholly-owned subsidiaries are presented separately.

38. SUPPLIER FINANCE ARRANGEMENT ("SFA")

The Group introduces third party supply chain information service platform to provide services to its suppliers holding the Group's electronic debt certificates. The Group's payment obligations under the electronic debt certificates are unconditional and irrevocable, and unaffected by any commercial disputes between the parties involved in the transfer of the electronic debt certificates. The Group shall not claim set-off or raise any defense against the payment obligations. According to the business rules, the Group shall transfer the amounts stated in the electronic debt certificates on the payment date. The electronic debt certificates are transferable and financially viable.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of financial liabilities that are part of SFA			
Presented as part of:			
– Trade and bills payables	12,929,789	31,999,446	36,673,967
Payment have been received by the suppliers from the finance provider			
– Trade and bills payables	11,479,852	22,736,349	24,326,072

The range of payment due dates for the liabilities presented as trade and bills payables that are part of SFA and those comparable trade payables that are not part of SFA had no significant changes. The payment days are generally within 90 days.

39. FINANCIAL GUARANTEE CONTRACT

The Group has executed guarantees with respect to loans and factoring to its significant related parties and third parties. Under the guarantees, the Group would be liable to pay the lender if the lender is unable to recover the loans and factoring. At the end of each reporting period, the outstanding balance of the loans and factoring represents the Group's maximum exposure under the financial guarantee contract. The Group's management considers that the fair values of these financial guarantee contracts at their initial recognition and at the end of each reporting period are insignificant on the basis of low applicable default rates due to the significant related parties and third parties are in strong financial positions.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Guarantees to related parties			
– Original amount of loans and factoring	929,000	2,309,000	1,809,000
– Guarantee amount executed	542,660	836,960	591,960
– Outstanding balance of guarantee amount	204,831	464,873	451,730
Guarantees to third parties			
– Original amount of loans and factoring	6,200,000	5,000,000	7,620,000
– Guarantee amount executed	10,000,000	10,000,000	10,512,000
– Outstanding balance of guarantee amount	5,900,000	4,270,000	2,846,000

40. PLEDGED ASSETS

At the end of each reporting period, the Group's certain assets have been pledged to secure bills payables, borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group at the end of each reporting period are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment *(Note 16)*	5,628,225	4,967,566	7,902,953
Prepaid lease payments	1,742,590	1,292,171	1,362,312
Intangible assets	–	–	93,412
Trade and bills receivables	3,526,084	1,752,269	477,966
Restricted cash	32,510,498	22,475,346	21,910,359
	43,407,397	30,487,352	31,747,002

41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period are as follows:

	Borrowings	Corporate bonds	Lease liabilities
	RMB'000 *Note 32*	*RMB'000* *Note 32*	*RMB'000* *Note 33*
As at 1 January 2022	37,159,348	17,367,606	524,070
Cash flows	34,641,956	3,710,000	(170,507)
Interest paid	(1,493,826)	(438,332)	(27,977)
Interest expense	1,716,032	451,308	27,977
Other non-cash movements	6,548,850	1,198,826	331,893
As at 31 December 2022 and 1 January 2023	78,572,360	22,289,408	685,456
Cash flows	25,800,424	(3,000,000)	(108,863)
Interest paid	(2,333,986)	(538,136)	(17,783)
Interest expense	3,281,793	438,310	17,783
Other non-cash movements	1,327,597	258,073	(186,998)
As at 31 December 2023 and 1 January 2024	106,648,188	19,447,655	389,595
Cash flows	3,871,979	–	(259,279)
Interest paid	(1,975,709)	(275,917)	(35,964)
Interest expense	2,809,113	329,011	35,964
Other non-cash movements	(615,601)	(180,316)	679,334
As at 30 September 2024	110,737,970	19,320,433	809,650
As at 1 January 2023 (audited)	78,572,360	22,289,408	685,456
Cash flows	24,646,197	(3,000,000)	(138,906)
Interest paid	(1,873,700)	(382,530)	(13,500)
Interest expense	2,109,620	338,168	13,500
Other non-cash movements	(784,057)	431,266	104,138
As at 30 September 2023 (unaudited)	102,670,420	19,676,312	650,688

(b) Non-cash transactions

The material non-cash transaction is mainly related to the settlement of acquisition of a subsidiary through partially disposal of equity interest of an owned subsidiary, details are disclosed in Note 47.2 to the Historical Financial Information.

42. COMMITMENTS

(a) Capital commitments

At the end of each reporting period, capital commitments contracted but not provided for in the Historical Financial Information were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for, net of deposits/investments paid			
– Property, plant and equipment	24,718,447	9,874,853	13,921,439
– Subscribed capital contribution of associated companies	26,748,707	–	–
	51,467,154	9,874,853	13,921,439

(b) As lessee

At the end of each reporting period, the Group's lease commitments for short-term leases are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	502,617	422,466	357,112

43. RELATED PARTY TRANSACTIONS

Other than as disclosed in elsewhere to the Historical Financial Information, the Group entered into the following material related party transactions during the Track Record Period.

(a) Relationships with related parties

Name of related party	Relationship with the Group
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.* (安脈時代智能製造(寧德)有限公司)	An associate of the Group
Avita Technology (Chongqing) Co., Ltd.* (阿維塔科技(重慶)有限公司)	An associate of the Group from March 2022
Beijing Kuche Yimei Network Technology Co., Ltd.* (北京酷車易美網絡科技有限公司)	An associate of the Group from August 2023
Changzhou Liyuan New Energy Technology Co., Ltd. (常州鋰源新能源科技有限公司) and its subsidiaries	Associates of the Group
Changzhou Mengteng Intelligent Equipment Co., Ltd.* (常州孟騰智能裝備有限公司)	An associate of the Group
CHC Co., Ltd. and its subsidiary	Associates of the Group from September 2022
CMOC Group Limited (洛陽欒川鉬業集團股份有限公司) and its subsidiaries	Associates of the Group from March 2023
Foshan Huapu Gas Technology Co., Ltd.* (佛山華普氣體科技有限公司)	An associate of the Group
Fujian Contemporary Nebula Technology Co., Ltd.* (福建時代星雲科技有限公司)	An associate of the Group
Fujian Hongda Contemporary Amperex Technology Co., Ltd.* (福建宏大時代新能源科技有限公司)	An associate of the Group
Fujian Ningde Zhixiang Unlimited Technology Co., Ltd.* (福建寧德智享無限科技有限公司) and its subsidiary	Associates of the Group

Name of related party	Relationship with the Group
Fujian Yongfu Power Engineering Co., Ltd.* (福建永福電力設計股份有限公司) and its subsidiary	Associates of the Group
Ganghua Times Smart Energy Technology (Suzhou) Co., Ltd.* (港華時代智慧能源科技(蘇州)有限公司)	An associate of the Group
Geo Micro Devices (Xiamen) Co., Ltd.* (格威半導體(廈門)有限公司)	An associate of the Group from April 2023
Guian New Area Zhongke Xingcheng Graphite Co., Ltd.* (貴安新區中科星城石墨有限公司)	An associate of the Group from July 2022
Guizhou Phosphating New Energy Technology Co., Ltd.* (貴州磷化新能源科技有限責任公司)	An associate of the Group from February 2022
Hangzhou Anmaisheng Intelligent Technology Co., Ltd.* (杭州安脈盛智能技術有限公司) and its subsidiary	Associates of the Group
Henan Yuexin Times New Energy Technology Co., Ltd.* (河南躍薪時代新能源科技有限公司)	An associate of the Group
Inceptio Group Limited and its subsidiary	Associates of the Group
Jiangxi Chunyou Lithium Industry Co., Ltd.* (江西春友鋰業有限公司)	An associate of the Group
Jiangxi Shenghua New Materials Co., Ltd.* (江西升華新材料有限公司) and its subsidiary	Associates of the Group
KFM Holding Limited	An associate of the Group from August 2022
Nengjian Times (Shanghai) New Energy Storage Technology Research Institute Co., Ltd.* (能建時代(上海)新型儲能技術研究院有限公司)	An associate of the Group from August 2023
Newstride Technology Limited	An associate of the Group
Ningde Huizhi Magnesium Aluminum Technology Co., Ltd.* (寧德匯智鎂鋁科技有限公司) formerly known as Ningde Wenda Magnesium Aluminum Technology Co., Ltd.* (寧德文達鎂鋁科技有限公司)	An associate of the Group
Ningde Times Kostar Technology Co., Ltd.* (寧德時代科士達科技有限公司)	An associate of the Group
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.* (寧鄉金鋰邦普環保科技有限公司)	An associate of the Group
PT Sumberdaya Arindo	An associate of the Group from December 2023
PT. QMB New Energy Materials and its subsidiary	Associates of the Group
Qujing Lintie Technology Co., Ltd.* (曲靖市麟鐵科技有限公司) and its subsidiary	Associates of the Group
Shandong Genyuan New Materials Co., Ltd.* (山東亘元新材料股份有限公司) and its subsidiaries	Associates of the Group
Shanghai Core Times New Energy Technology Co., Ltd.* (上海芯時代新能源科技有限公司)	An associate of the Group from June 2023
Shanghai Jieneng Zhidian New Energy Technology Co., Ltd.* (上海捷能智電新能源科技有限公司)	An associate of the Group from October 2022
Shanghai Qiyuanxin Power Technology Co., Ltd.* (上海啟源芯動力科技有限公司)	An associate of the Group
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.* (上海融和電科融資租賃有限公司) and its subsidiary	Associates of the Group
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.* (上海杉杉鋰電材料科技有限公司) and its subsidiaries	Associates of the Group from June 2022
Shaowu Yongtai Hi-Tech Material Co., Ltd. (邵武永太高新材料有限公司)	An associate of the Group
Shenzhen Gecko New Energy Vehicle Technology Co., Ltd.* (深圳壁虎新能源汽車科技有限公司)	An associate of the Group from December 2022
Shenzhen Geesun Intelligent Technology Co., Ltd. (深圳吉陽智能科技有限公司) and its subsidiaries	Associates of the Group from January 2022
Shenzhen Shengde New Energy Technology Co., Ltd.* (深圳盛德新能源科技有限公司) and its subsidiary	Associates of the Group
Suzhou Xinlian Motor Co., Ltd.* (蘇州新聯電機有限公司)	An associate of the Group from May 2022
Times Guangqi Power Battery Co., Ltd.* (廣汽時代動力電池系統有限公司)	An associate of the Group

Name of related party	Relationship with the Group
Times Smart Technology (Fujian) Co., Ltd.* (時代智慧科技(福建)有限公司) and its subsidiary	Associates of the Group
United Auto Battery System Co., Ltd. (上汽時代動力電池系統有限公司)	An associate of the Group
Veinstone Investment Limited	An associate of the Group before April 2023
Wuxi Lead Intelligent Equipment Co., Ltd. 無錫先導智能裝備股份有限公司 and its subsidiary	Associates of the Group
Xiamen Xinnengda Technology Co., Ltd.* (廈門新能達科技有限公司) and its subsidiary	Associates of the Group from June 2022
Yibin Tianyi Lithium Technology Innovation Co., Ltd. (宜賓市天宜鋰業科創有限公司) and its subsidiary	Associates of the Group
Yichun Longpan Era Lithium Industry Technology Co., Ltd.* (宜春龍蟠時代鋰業科技有限公司) *(Note (ii))*	An associate of the Group from November 2022
Yifeng Huaqiao Yongtuo Mining Co., Ltd.* (宜豐縣花橋永拓礦業有限公司) and its subsidiary	Associates of the Group
Zhicun Lithium Industry Group Co., Ltd.* (志存鋰業集團有限公司) and its subsidiaries	Associates of the Group before March 2023
Chengdu Electric Service Trading Investment Energy Technology Co., Ltd.* (成都電服交投能源科技有限公司)	A joint venture of the Group from June 2023
Jinjiang Min Investment Electric Power Storage Technology Co., Ltd.* (晉江閩投電力儲能科技有限公司)	A joint venture of the Group
Ningpu Contemporary Battery Technology Co., Ltd.* (寧普時代電池科技有限公司) and its subsidiary *(Note (i))*	Joint ventures of the Group before January 2024
Shanghai Kuaibu New Energy Technology Co., Ltd.* (上海快卜新能源科技有限公司) and its subsidiary	Joint ventures of the Group
Contemporary (Fujian) Energy Storage Development Co., Ltd.* (時代儲能(福建)科技有限公司) and its subsidiary	Joint ventures of the Group
Yibin Sanjiang Lvcheng Energy Technology Co., Ltd.* (宜賓三江綠城能源科技有限公司)	A joint venture of the Group from March 2022
Hainan Yi'an Business Consulting Co., Ltd.* (海南亦安商務諮詢有限公司)	A related company controlled by a close-member of the key management personnel of the Company from November 2022
Shanghai Shida Investment Management Co., Ltd.* (上海適達投資管理有限公司)	A related company controlled by the key management personnel of the Company
Xinqi Information Technology (Shanghai) Co., Ltd.* (欣起信息科技(上海)有限公司)	A related company controlled by the key management personnel of the Company from November 2022

* *For Identification only*

Notes:

(i) Ningpu Contemporary Battery Technology Co., Ltd. ("Ningpu Contemporary") was a joint venture of the Group. Upon the acquisition of equity interests in January 2024, the shareholding increased to 94.44% and Ningpu Contemporary became a subsidiary of the Group.

(ii) Yichun Longpan Era Lithium Industry Technology Co., Ltd. ("Yichun Longpan") was a subsidiary of the Group and was disposed 70% of its equity interests to a third party in November 2022. Since then, Yichun Longpan was no longer in the scope of consolidation of the Group and became an associate of the Group.

(b) Transactions with related parties

	Year ended 31 December		Nine months ended 30 September	
	2022	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Sales transactions:				
– Associates	6,938,549	7,546,371	5,585,824	5,989,104
– Joint ventures	632,037	214,895	67,031	14,120
– A related company of the Group or key management personnel	–	–	–	12
	7,570,586	7,761,266	5,652,855	6,003,236
Procurement transactions:				
– Associates	27,826,887	21,469,688	14,496,300	18,532,784
– Joint ventures	–	47	47	21
– A related company of the Group or key management personnel	–	12,708	6,603	3,736
	27,826,887	21,482,443	14,502,950	18,536,541

(c) Balances with related parties

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties:			
Trade and bills receivables			
Associates of the Group	1,180,016	790,774	1,617,868
Joint ventures of the Group	131,896	80,427	30,406
Contract assets			
Associates of the Group	1,214	1,967	1,966
Joint ventures of the Group	–	395	395
Prepayments, deposits and other assets ***(Note)***			
Associates of the Group	4,263,804	16,220,096	13,251,598
Joint ventures of the Group	–	971	1,418
	5,576,930	17,094,630	14,903,651

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties:			
Trade and bills payables			
Associates of the Group	3,061,262	2,770,779	5,814,264
Joint ventures of the Group	–	47	–
Contract liabilities			
Associates of the Group	377,575	873,234	161,281
Joint ventures of the Group	36,938	72,253	15,744
Other payables and accruals ***(Note)***			
Associates of the Group	5,172,813	4,040,231	3,991,446
Joint ventures of the Group	–	2,380	5,827
A related company of the Group or key management personnel	–	129,941	–
	8,648,588	7,888,865	9,988,562

Note: The amounts are unsecured, interest-free and recoverable or repayable on demand.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each reporting period are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortised cost			
– Trade and bills receivables	61,492,601	65,772,258	66,995,151
– Deposits and other assets	19,454,171	16,070,648	18,131,123
– Bank balances, deposits and cash	190,139,815	261,710,833	259,786,078
Financial assets at FVTPL			
– Equity investments at fair value	2,645,307	2,816,190	2,980,958
– Wealth management products and structured deposits	1,981,328	7,767	22,002,410
Financial assets at FVTOCI			
– Equity investments at fair value	20,491,264	14,128,318	13,024,738
– Trade and bills receivables measured at FVTOCI	18,965,715	55,289,319	40,403,230
Derivative financial instruments	575,638	–	–
	315,745,839	415,795,333	423,323,688
Financial liabilities			
Financial liabilities measured at amortised cost			
– Trade and bills payables	191,747,512	167,825,751	165,846,800
– Other payables and accruals	53,507,023	80,669,840	48,026,332
– Borrowings	100,861,768	126,095,843	130,058,403
– Lease liabilities	685,456	389,595	809,650
Derivative financial instruments	–	3,941,410	2,499,377
	346,801,759	378,922,439	347,240,562

45. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

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

The level in the fair value hierarchy within which the financial asset or liability is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2022, 2023 and 30 September 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

– Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

(a) Fair value hierarchy

As at 31 December 2022 and 2023 and 30 September 2024, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Financial assets				
Financial assets at FVTPL				
– Equity investment at fair value	–	–	2,645,307	2,645,307
– Wealth management products and structured deposits	–	1,981,328	–	1,981,328
Financial assets at FVTOCI				
– Equity investments at fair value	9,259,728	–	11,231,536	20,491,264
– Trade and bills receivables measured at FVTOCI	–	18,965,715	–	18,965,715
Derivative financial instruments	575,638	–	–	575,638
	9,835,366	20,947,043	13,876,843	44,659,252
As at 31 December 2023				
Financial assets				
Financial assets at FVTPL				
– Equity investment at fair value	–	–	2,816,190	2,816,190
– Wealth management products and structured deposits	–	7,767	–	7,767
Financial assets at FVTOCI				
– Equity investments at fair value	4,574,590	–	9,553,728	14,128,318
– Trade and bills receivables measured at FVTOCI	–	55,289,319	–	55,289,319
	4,574,590	55,297,086	12,369,918	72,241,594
Financial liabilities				
– Derivative financial instruments	3,941,410	–	–	3,941,410
As at 30 September 2024				
Financial assets				
Financial assets at FVTPL				
– Equity investment at fair value	–	–	2,980,958	2,980,958
– Wealth management products and structured deposits	–	22,002,410	–	22,002,410
Financial assets at FVTOCI				
– Equity investments at fair value	5,765,648	–	7,259,090	13,024,738
– Trade and bills receivables measured at FVTOCI	–	40,403,230	–	40,403,230
	5,765,648	62,405,640	10,240,048	78,411,336
Financial liabilities				
– Derivative financial instruments	2,499,377	–	–	2,499,377

During the Track Record Period, there was no transfer between Level 1 and Level 2 and between Level 2 and Level 3.

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise market approach, adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets and liabilities subject to Level 2 fair value measurement were mainly included wealth management products and structured deposits and receivables measured at FVTOCI are evaluated by market approach.

Assets subject to Level 3 fair value measurement were mainly included equity investments in unlisted entities at FVTPL and at FVTOCI. These assets and liabilities were measured mainly using market approach, adjusted net assets approach and recent transaction price approach. The judgment of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the Track Record Period, there are two, two and one equity investments were transferred from Level 3 to Level 1 respectively as the underlying investments, initial public offering was completed during the relevant reporting period.

The quantitative information of fair value measurements as at 31 December 2022 and 2023 and 30 September 2024 for Level 3 is as follows:

	Fair value hierarchy	Fair value as at 31 December 2022	Fair value as at 31 December 2023	Fair value as at 30 September 2024	Valuation technique	Unobservable input
		RMB'000	RMB'000	RMB'000		
Financial assets at FVTPL						
Unlisted equity investments	Level 3	2,645,307	2,816,190	2,980,958	Adjusted net assets approach	Discount for lack of marketability
Financial assets at FVTOCI						
Unlisted equity investments	Level 3	6,482,944	8,567,848	5,496,117	Recent transaction price	N/A
	Level 3	4,748,592	985,880	1,762,973	Market approach	Discount for lack of marketability
						Price earnings ratio
						Price sales ratio
						Price book ratio
		13,876,843	12,369,918	10,240,048		

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments of the Group comprise cash and cash equivalents, and time deposits and restricted cash, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The risks of the Group's financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Group has entered into certain foreign exchange forward contracts as set out in Note 27 to mitigate part of its foreign exchange exposure. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entities to which the transactions relate. The foreign currencies giving rise to this risk are primarily United States dollars ("USD") and EUR.

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. To ensure the currency risk exposure of the Group is kept to an acceptable level and seeks to minimise the gap between assets and liabilities in the same currency. Foreign exchange contracts (i.e., forward foreign exchange contracts) are usually used to manage foreign currency risk associated with foreign currency-denominated assets and liabilities.

As at 31 December 2022 and 2023 and 30 September 2024, for the Group's subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD	EUR	Others
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2022			
Assets	47,143,528	18,234,746	286,614
Liabilities	(26,999,593)	(975,822)	(170,561)
Net exposure	20,143,935	17,258,444	116,053
As at 31 December 2023			
Assets	64,452,971	35,244,745	580,861
Liabilities	(31,073,749)	(143,919)	(22,293)
Net exposure	33,379,222	35,100,826	558,568
As at 30 September 2024			
Assets	59,762,962	37,654,956	9,756,980
Liabilities	(32,441,851)	(787,725)	(265,813)
Net exposure	27,321,111	36,867,231	9,491,167

If USD and EUR appreciates or depreciates against RMB and other factors remain unchanged, profit before income tax for the Track Record Period would have been higher or lower correspondingly.

Other change in foreign exchange rates have no significant impact on foreign currency risk.

Price risk

Equity price risk

The Group is exposed to equity price risk mainly arising from equity investments held by the Group that are classified as FVTOCI which will not be sold within one year.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of financial assets measured at FVTOCI at the end of each reporting period. If prices of the equity investments classified at FVTOCI held by the Group had been 10% higher/lower as at 31 December 2022 and 2023 and 30 September 2024, profit before income tax for the Track Record Period would have been RMB925,973,000, RMB457,459,000 and RMB576,565,000 higher/lower, respectively as a result of gains/losses on equity investments classified at FVTOCI.

Commodity price risk

Management considers that the price fluctuation on the commodity does not have a significant impact to the Group's profit before income tax and cash flows for the Track Record Period as the Group uses derivative financial instruments, including commodity price risks contracts to manage a portion of such risks.

Other price risk

The Group is exposed to other price risk. Major financial assets for the purpose of other price sensitivity analysis include financial assets at FVTPL (other than equity investments).

It is estimated that an increase/decrease of 10% in other price risk would increase/decrease the Group's profit before income tax for the years ended 31 December 2022 and 2023 and nine months ended 30 September 2024 would have been RMB198,133,000, RMB777,000 and RMB2,200,241,000 higher/lower, respectively, as a result of gains/losses on financial instruments classified as at FVTPL.

Interest rate risk

The Group's interest rate risk primarily arises from long-term interest-bearing borrowings, corporate bonds and lease liabilities. Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk. Long-term borrowings issued at fixed rates, corporate bonds and lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group may enter into certain interest rate swap contracts to swap variable rates into fixed rates.

The following tables list out the interest rate profiles of the Group's variables interest-bearing financial instruments as at 31 December 2022 and 2023 and 30 September 2024:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Floating rate instruments			
– Borrowings	43,208,622	69,224,044	70,553,023

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher RMB216,043,000, RMB346,120,000 and RMB352,765,000, as at 31 December 2022 and 2023 and 30 September 2024, respectively.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost and trade and bills receivables measured at FVTOCI as disclosed in Note 44 to the Historical Financial Information.

As at 31 December 2022 and 2023 and 30 September 2024, other than financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from financial guarantees provided by the Group to its related companies and third parties as disclosed in Note 39 to the Historical Financial Information.

Trade receivables and contract assets

The Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers.

The Group has applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables and contract assets. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is assessed individually or based on provision matrix, as appropriate, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For trade receivables from related parties, the Group considers the counterparties with relatively good credit worthiness based on past experience and satisfactory settlement history. The Group assessed the ECL for trade receivables from related parties was insignificant during the Track Record Period.

A default on trade receivables and contract assets is when the counterparty fails to make contractual payments when they fall due.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

On that basis, the ECL allowance as at 31 December 2022 and 2023 and 30 September 2024 was determined as follows for both trade receivables and contract assets:

	Trade receivables			Contract assets		
	Gross carrying amount	ECL allowance	Expected loss rate	Gross carrying amount	ECL allowance	Expected loss rate
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
As at 31 December 2022						
Assessed based on grouping	59,711,901	1,745,384	2.92%	184,570	9,707	5.26%
Assessed individual	85,135	85,135	100.00%	–	–	N/A
	59,797,036	1,830,519		184,570	9,707	
As at 31 December 2023						
Assessed based on grouping	65,980,322	1,959,788	2.97%	266,257	32,293	12.13%
Assessed individual	85,135	85,135	100.00%	–	–	N/A
	66,065,457	2,044,923		266,257	32,293	
As at 30 September 2024						
Assessed based on grouping	68,943,554	2,287,159	3.32%	390,540	27,398	7.02%
Assessed individual	591,746	545,431	92.17%	–	–	N/A
	69,535,300	2,832,590		390,540	27,398	

Bills receivables

Credit risk for bills receivables is considered to be immaterial, as all bills receivables are bank acceptance notes, and the Group did not expect that there would be any significant losses from non-performance by these banks.

Deposits and other assets

Over the term of deposits and other assets, the Group accounts for its credit risk by appropriately providing for ECL on a timely basis. To assess whether there is a significant increase in credit risk in deposits and other assets, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity hence the ECL is minimal.

As stated in Note 26 to the Historical Financial Information, impairment on deposits and other assets accounted as amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the ECL allowance for deposits and other assets as at 31 December 2022 and 2023 and 30 September 2024:

	Deposit and other assets			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Expected loss rate	0.01%	N/A	100.00%	
Gross carrying amount	19,454,360	–	114,247	19,568,607
ECL allowance	(189)	–	(114,247)	(114,436)
As at 31 December 2023				
Expected loss rate	0.63%	N/A	100.00%	
Gross carrying amount	16,172,570	–	108,070	16,280,640
ECL allowance	(101,922)	–	(108,070)	(209,992)
As at 30 September 2024				
Expected loss rate	0.99%	N/A	100.00%	
Gross carrying amount	18,312,859	–	108,070	18,420,929
ECL allowance	(181,736)	–	(108,070)	(289,806)

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include bank balances, deposits and cash.

Credit risk for bank balances, deposits and cash is considered to be immaterial, as the counterparts are banks/financial institutions with high credit ratings by international credit rating agencies.

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year	1 to 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Non-derivatives					
Trade and bills payables (including SFA)	191,747,512	–	–	191,747,512	191,747,512
Other payables and accruals (including long-term payables)	53,507,023	–	–	53,507,023	53,507,023
Borrowings	21,959,108	57,715,460	31,768,490	111,443,058	100,861,768
Lease liabilities	140,143	345,729	348,292	834,164	685,456
	267,353,786	58,061,189	32,116,782	357,531,757	346,801,759
Financial guarantee issued maximum amount *(Note)*	2,926,391	3,109,800	68,640	6,104,831	6,104,831
As at 31 December 2023					
Non-derivatives					
Trade and bills payables (including SFA)	167,825,751	–	–	167,825,751	167,825,751
Other payables and accruals (including long-term payables)	55,251,958	25,342,026	118,000	80,711,984	80,669,840
Borrowings	22,487,745	74,192,170	35,362,920	132,042,835	126,095,843
Lease liabilities	119,458	250,380	62,851	432,689	389,595
Derivatives					
Derivative financial instruments	3,941,410	–	–	3,941,410	3,941,410
	249,626,322	99,784,576	35,543,771	384,954,669	378,922,439
Financial guarantee issued maximum amount *(Note)*	1,022,368	3,345,095	367,410	4,734,873	4,734,873

	Within 1 year	1 to 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 September 2024					
Non-derivatives					
Trade and bills payables (including SFA)	165,846,800	–	–	165,846,800	165,846,800
Other payables and accruals (including long-term payables)	51,857,553	209,941	98,733	52,166,227	48,026,332
Borrowings	31,714,149	78,973,695	28,564,305	139,252,149	130,058,403
Lease liabilities	123,228	684,767	106,625	914,620	809,650
Derivatives					
Derivative financial instruments	2,499,377	–	–	2,499,377	2,499,377
	252,041,107	79,868,403	28,769,663	360,679,173	347,240,562
Financial guarantee issued maximum amount *(Note)*	1,722,750	1,039,363	535,617	3,297,730	3,297,730

Note: The amount represents the maximum amount that the Group could be required to settle under the arrangement for the full guaranteed amount.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total assets	600,952,353	717,168,041	738,235,004
Total liabilities	424,043,192	497,284,891	474,934,361
Asset-liability ratio	70.56%	69.34%	64.33%

47. ACQUISITIONS OF SUBSIDIARIES

The net cash flow impact of acquisitions of business and assets during the Track Record Period are as below:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total cash outflow *(Note)*	–	6,803,763	351,604
Less: cash and cash equivalents acquired	(22,060)	(39,661)	(110,389)
	(22,060)	6,764,102	241,215

Note: Total acquisition consideration of RMB6,442,656,000 in 2023 was prepaid during the year ended 31 December 2022.

47.1 Acquisition of business

During the Track Record Period, acquisition of subsidiaries had no significant impact on the Group's Historical Financial Information.

The aggregate fair values of the identifiable assets and liabilities at the date of acquisition were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current assets	1,094,709	30,334	711,590
Non-current assets	431,707	177,103	343,949
Current liabilities	(272,615)	(5,072)	(194,712)
Non-current liabilities	(48,840)	–	–
Net assets acquired	1,204,961	202,365	860,827
Less: non-controlling interests	(531,257)	(80,570)	(47,834)
Add: goodwill *(Note 18)*	176,214	239,311	181,080
	849,918	361,106	994,073

47.2 Acquisition of assets

Yajiang Snowway Mining Development Co., Ltd. (雅江縣斯諾威礦業發展有限公司)

In December 2022, the Group signed the "Yajiang Snowway Mining Development Co., Ltd. Bankruptcy Reorganisation Case and Restructuring Investment Agreement" (雅江縣斯諾威礦業發展有限公司破產重整案重整投資協定) with the bankruptcy administrator of Yajiang Snowway Mining Development Co., Ltd. (雅江縣斯諾威礦業發展有限公司破產管理人) (the "Snowway Mining Administrator"), and paid a reorganisation fund of approximately RMB6,442.6 million which is the cost of acquisition of Snowway Mining.

In January 2023, the creditors of Yajiang Snowway Mining Development Co., Ltd. (the "Snowway Mining") voted to approve the draft reorganisation plan of, and then the Court of Yajiang County ruled to approve the restructuring plan and terminate the bankruptcy reorganisation process. On 3 March 2023, Snowway Mining Administrator completed the handover work with the Group and the Group obtained 100% equity interest and control of Snowway Mining.

As Snowway Mining had ceased production and business operation before the acquisition, the Group considered the acquisition of Snowway Mining is an asset acquisition in substance.

Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司)

The Company and its wholly-owned subsidiary Sichuan Contemporary signed an "Investment Framework Agreement" with Luoyang Guohong Investment Holding Group Co., Ltd. on 30 September 2022, and an "Investment Agreement" on 31 October 2022 for the acquisition of 100% equity interest in Luoyang Mining Group Co., Ltd. ("Luoyang Mining Group") (洛陽礦業集團有限公司) which is an investment holding company and has 24.68% equity interests in CMOC Group Limited.

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of mainland China and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws and policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an [**REDACTED**] in the H shares, nor does it take into account the specific circumstances of any particular [**REDACTED**], some of which may be subject to special regulations. Accordingly, you should consult your own tax advisors regarding the tax consequences of an [**REDACTED**] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of mainland China taxation other than income tax, capital gains tax and profits tax, sales tax, VAT, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisors regarding mainland China and elsewhere tax consequences of [**REDACTED**] and [**REDACTED**] of the H shares.

Taxation in Mainland China

Tax on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), or the Individual Income Tax Law, lastly amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) lastly amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by mainland China companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差異化個人所得稅政策有關問題的通知》) jointly issued by the MOF, the SAT and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the government may impose tax on dividends paid by a company in mainland China to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a company in mainland China and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the company in mainland China. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), or the Fifth Protocol, issued by the SAT and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the EIT Law, lastly amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, amended by the State Council and effective on 23 April 2019, a non-resident enterprise is subject to a 10% EIT on mainland China-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually connected with such establishment or place of business in the mainland China. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT and effective on 6 November 2008, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008. The Reply on the Collection of EIT on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》), promulgated by the SAT on 24 July 2009 and effective on the same day, further provides that PRC-resident enterprises listed on mainland China and overseas stock exchanges by issuing stocks must withhold EIT at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a mainland China company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the mainland China company. If a Hong Kong resident directly holds 25% or more of equity interest in a mainland China company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the mainland China company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the tax authorities in mainland China for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the mainland China tax authorities' verification.

Tax Related to Share Transfer Income

Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT on 30 March 1998 and effective on the same day, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to EIT at the rate of 10% with respect to mainland China-sourced income, including gains derived from the disposal of shares in a mainland China resident enterprise, if it does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually connected with such establishment or place of business in the mainland China. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties or arrangements on the avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by enterprises in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in mainland China to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated by the MOF, the SAT and the CSRC on 21 August 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. Pursuant to which, dividend income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by enterprise investors in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in mainland China to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Inter-connected Mechanisms for Trading on the Shanghai and Hong Kong Stock Markets and for Trading on the Shenzhen and Hong Kong Stock Markets and on the Mutual Recognition of Funds between the Mainland and Hong Kong (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the MOF, the SAT and the CSRC on 4 December 2019 and effective on 5 December 2019, and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. In particular, dividends and bonus income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on 10 June 2021 and came into effect on 1 July 2022, the purchase and disposal of H shares by non-mainland China investors outside of mainland China are not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Duty

Pursuant to the laws of mainland China, no estate duty is currently levied in mainland China.

MAJOR TAXATION OF OUR COMPANY IN MAINLAND CHINA

EIT

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the mainland China are the taxpayers of EIT and shall pay EIT in accordance with the provisions of the EIT Law. The EIT rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the mainland China, or has an establishment or place of business in the mainland China but the income has no actual connection to such establishment or place of business, shall pay EIT on its income within the mainland China and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to EIT and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the mainland China.

VAT

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) lastly amended by the State Council on 19 November 2017 and effective on the same day and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) lastly amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in mainland China engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay VAT. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

Pursuant to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the SAT on 4 April 2018, and became effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

FOREIGN EXCHANGE ADMINISTRATION

The lawful currency of mainland China is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) lately amended by the State Council on 5 August 2008 and effective on the same day, all international payments and transfers are classified into current account items and capital account items. Mainland China does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of enterprises in mainland China may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

Pursuant to relevant laws and regulations of the mainland China, mainland China enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

Pursuant to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

Pursuant to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on 26 December 2014 and effective on the same day, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as "domestic companies") listed overseas are as follows:

(i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.

(ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.

(iii) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and effective on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on 9 June 2016 and effective on the same day, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarizes certain aspects of the laws and regulations of Mainland China which are relevant to our Company's operations and business. Laws and regulations relating to taxation in Mainland China are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential [**REDACTED**]. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

THE LEGAL SYSTEM OF MAINLAND CHINA

The legal system of mainland China is based on the Constitution of the PRC (《中華人民共和國憲法》), or the "**Constitution**." and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region laws and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the "**Legislation Law**," lastly amended by NPC on March 13, 2023 and effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provisions of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to amend or annul any inappropriate laws formulated by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to amend or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the SCNPC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall give interpretations on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities which have enacted these regulations shall provide interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

JUDICIAL SYSTEM OF MAINLAND CHINA

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) lastly amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) lastly amended by SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-instance trial system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts become final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the president of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), or the "**Civil Procedure Law**" lastly amended by the SCNPC on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the mainland China must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organizations, the PRC court may apply the same limitations to the citizens, legal person or other organizations of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a lawyer from Mainland China if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the mainland China, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties involved must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the mainland China or whose property is not within the mainland China, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the mainland China enforcement procedures if the mainland China has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the mainland China, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in mainland China seeking a listing on Hong Kong Stock Exchange is mainly subject to the following laws and regulations of Mainland China.

The Company Law, was lastly revised on December 29, 2023 and came into effect on July 1, 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines, were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023 and were applicable to the direct and indirect overseas offering and listing of PRC domestic companies' securities.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the "**Guidelines for Articles of Association**," which was lastly amended by the CSRC and came into effect on December 15, 2023, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from March 31, 2023.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

A joint stock limited company means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the Mainland China.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issues of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. A joint stock limited company may issue shares at a par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholders information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer itself shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic person responsible and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at shareholders' meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital; (ii) merging with other company that holds the shares of the company; (iii) using the shares for employee stocks plan or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the listed company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of our Company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of a company include: (i) to receive dividends and other forms of interest distribution according to the number of shares held; (ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' meeting and exercise corresponding voting rights; (iii) to supervise business operations of the company, provide suggestions or submit queries; (iv) to transfer, grant or pledge the company's shares held according to the provisions of the laws, administrative regulations and the articles of association; (v) to read and copy the articles of association, the register of Shareholders, counterfoil of company debentures, General Meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports; (vi) shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may inspect the company's accounting books and accounting vouchers in accordance with laws; (vii) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation; (viii) to require our company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the company; (ix) other rights conferred by laws, administrative regulations, regulations of the authorities or the articles of association.

The obligations of a shareholder of a company include: (i) to abide by laws, administrative regulations and the articles of association; (ii) to provide share capital according to the shares subscribed for and share participation methods; (iii) not to withdraw shares unless prescribed otherwise in laws and administrative regulations; (iv) not to abuse shareholders' rights to infringe upon the interests of the company or other shareholders; not to abuse the company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the company's creditors; (v) to perform other duties prescribed in laws, administrative regulations, departmental rules and articles of association.

Shareholder's Meetings

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the board of directors; (iii) to examine and approve reports of the supervisory committee; (iv) to examine and approve a company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the company's articles of association; (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An interim shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital; (iii) shareholders individually or jointly holding 10% or more of the company's shares request; (iv) when deemed necessary by the board of directors; (v) the supervisory committee proposes to convene the meeting; (vi) other circumstances as stipulated in the articles of association.

Shareholders' meeting shall be convened by the board of directors, and presided over by the chairperson of the board of directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board should convene and preside over shareholders' meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of interim meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of offices hall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The board of directors exercises the following functions and powers: (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings; (ii) to implement the resolutions of the shareholder's general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for cake, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

The board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without capacity or with restricted capacity; (ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) a person who was legal representative of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' meetings and convene and preside over board meetings; and (ii) to examine the implementation of resolutions of the board of directors; (iii) to exercise other powers conferred by the board of directors.

Supervisors

Under the Company Law, a joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the board of supervisors shall be democratically elected by the company's employees at the employee representative assembly, employee meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The board of supervisors exercises the following powers: (i) to examine the company's financial affairs; (ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of shareholders' meetings; (iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest; (iv) to propose the convening of interim shareholders' meetings, and to convene and preside over shareholders' meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' meetings under the Company Law; (v) to submit proposals to the shareholders' meeting; (vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law; (vii) other functions and powers specified in the articles of association.

Managers and Senior Management

According to the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from: (i) embezzling the company's property or misappropriating of the company's capital; (ii) depositing the company's capital into accounts under his/her own name or the name of other individuals; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power; (iv) accept and possess commissions paid by a third party for transactions conducted with the company; (v) unauthorized divulgence of confidential business information of the company; or (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or the shareholders' meeting, subject to the approval of the board of directors or the shareholders' meeting according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances: (i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' meeting.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and directors, supervisors, and senior management who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws; (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with item (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of Article 16 of the Overseas Listing Trial Measures. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the mainland China and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by companies in mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》), promulgated by the State Council on April 22, 1993 and came into effect on the same day, provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), promulgated by the State Council on December 25, 1995 and came into effect on the same day, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law, which was lastly amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the mainland China, and comprehensively regulates activities in the securities market of mainland China. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the mainland China or listing and trading its securities outside the Mainland China. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》), or the **Arbitration Law**, last amended by the SCNPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people's court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

This Appendix is primarily intended to provide potential [**REDACTED**] with an overview of the Articles of Association, the following information is a summary and therefore may not contain all the information that is material to potential [**REDACTED**].

ISSUANCE OF SHARES

The shares of the Company shall be issued in a fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Subscribers shall pay the same price for each share subscribed for.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws, regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders' meetings:

(i) Public issuance of shares;

(ii) Non-public issuance of shares;

(iii) Distribution of bonus shares to existing shareholders;

(iv) Converting the reserve funds into share capital;

(v) Other methods as provided for by laws and administrative regulations and approved by the CSRC and other securities regulatory bodies in the places where the shares of the company are listed.

The Company may decrease the registered share capital. When the Company reduces its registered capital, it shall comply with the procedures stipulated in the Company Law and other regulations, the Articles of Association.

The Company shall not repurchase its own shares, unless otherwise under the circumstances:

(i) Reducing the Company's registered share capital;

(ii) Merging with other companies which hold our shares;

(iii) Using the shares for an employee stock ownership plan or equity incentive plan;

(iv) Purchasing its shares from shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;

(v) Use of shares for conversion of convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders.

The repurchase of the Company's shares by the Company may be carried out through public centralized trading on stock exchanges, or other methods recognized under laws and regulations authorities at the place where the Company's shares are listed.

A resolution shall be passed at the shareholders' meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the applicable securities regulatory rules of the place where the Company's shares are listed.

On the premise of complying with the securities regulatory rules of the place where the company's shares are listed, after the Company has repurchased its own shares in accordance with the circumstances above, the shares repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (i) above), or shall be transferred or canceled within six months (under the circumstances set out in (ii) and (iv) above). If the Company repurchases its shares under the circumstances set out in (iii), (v) and (vi) above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

When the Company repurchases its own shares, it shall perform the obligation of information disclosure in accordance with the Securities Law and the regulatory rules of securities of the place where the Company's shares are listed. If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted through public centralized trading.

TRANSFER OF SHARES

Shares issued prior to the initial public offering of A shares of the Company shall not be transferred within one year from the date on which the A shares of the Company are listed and traded on the stock exchange. Where laws, administrative regulations or the securities regulatory authority of the state council have other provisions governing the transfer of company shares held by shareholders and the actual controlling party of a company, those provisions shall prevail.

The Directors, Supervisors and senior management of the Company shall declare the Company of their holdings of shares of the Company and the changes therein. The shares transferred by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the Company. The shares of the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company.

If the shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge within the restricted transfer period.

Where the securities regulatory rules of the place where the Company's shares are listed provide otherwise with respect to the restrictions on the transfer, those provisions shall prevail.

Any gains from sale of Company's shares or other securities with the nature of equity by the Directors, Supervisors and senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with the nature of equity by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, there is an exception for securities companies that hold more than 5% of the shares due to the purchase of surplus shares after the package sale, and other circumstances stipulated by the securities regulatory authority of the State Council.

Shares or other securities with the nature of equity held by Directors, Supervisors, senior management and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the provision set forth above, the Shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate litigation directly in the People's Court of the PRC in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth above, the responsible Directors shall bear joint and several liability in accordance with law.

FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN OUR COMPANY

The Company or its subsidiaries (including affiliates of enterprises) shall not offer gifts, loans, guarantees and any financial assistance for others to acquire the shares of the Company or its parent company except for those implemented by employee stock ownership plans by the Company.

Unless otherwise provided in the securities regulatory rules of the place where the Company's shares are listed, upon the resolution of the shareholders' meeting or the resolution adopted by the Board of Directors as authorized by the Articles of Association of the Company or by the shareholders' meeting, the Company or its Subsidiaries (including its affiliated enterprises) may provide financial assistance for other persons to acquire shares in the Company, provided that the aggregate amount of such financial assistance shall not exceed ten percent of the total issued share capital of the Company. The resolution of the Board of Directors shall be passed by two-thirds or more of all the directors.

Where the violation of the aforesaid provisions causes the Company to suffer losses, the directors, supervisors and senior management personnel who are accountable shall bear compensation liability.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company's Shares. The original register of shareholders of H shares is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

(i) To receive dividends and other forms of interest distribution according to the number of shares held;

(ii) To legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the shareholders' meeting and exercise corresponding voting rights;

(iii) To supervise operations of the Company, provide suggestions or submit queries;

(iv) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

(v) To read and copy the Articles of Association, the register of shareholders, shareholders' meeting minutes, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;

(vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;

(vii) To require our Company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;

(viii) Other rights conferred by laws, administrative regulations, regulations of the authorities, regulatory rules where the Company's shares are listed, or the Articles of Association.

If the shareholders request access to or reproduction of relevant information mentioned in the above article or ask for relevant materials, they shall provide the Company with written documents evidencing the class and number of the shares held by them in the Company, upon verification of their status as shareholders, the Company shall provide such shareholders with the information as required by them. If a shareholder who individually or jointly holds 3% or more of the Company's shares for more than 180 consecutive days requests to inspect the Company's accounting books or accounting vouchers, the provisions of the second, third and fourth paragraphs of Article 57 of the PRC Company Law shall apply.

The provisions of the above articles shall apply to shareholders who request to inspect or replicate the relevant materials of a wholly-owned subsidiary of the company. Shareholders of the company who inspect or replicate the relevant materials shall also comply with the provisions of the Securities Law and related laws and administrative regulations.

If the content of the resolution of the Company's shareholders' meeting or Board of Directors violates laws, administrative regulations, the shareholders have the right to request the court to clarify it invalid. If the convening procedures or voting methods of the shareholders' meeting or the Board of Directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates laws, administrative regulations and the Articles of Association, the shareholders have the right to request the court to revoke the resolution within 60 days from the date on which the resolution is made.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors or senior management when performing their duties in the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Board of Supervisors to file an action with the court. Where Board of Supervisors violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Board of Directors to file an action with the court.

In the event that the Board of Supervisors or the Board of Directors refuse to file an action upon receipt of the shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of the Company. In the event of any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the court pursuant to the provisions of the preceding paragraphs.

The obligations of shareholders are as follows:

(i) To abide by laws, administrative regulations and the Articles of Association;

(ii) To provide Share capital according to the Shares subscribed and the subscription methods;

(iii) Not to withdraw Shares unless prescribed otherwise in laws and administrative regulations;

(iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

(v) To perform other duties prescribed in laws, administrative regulations, departmental rules, normative documents, the listing rules of the place(s) where the Company's shares are listed and the Articles of Association.

Shareholders of a company who abuse their shareholders' rights and cause the company or other shareholders to suffer damages shall bear compensation liability in accordance with the law. Shareholders of a company who abuse the independent legal person status of the company and limited liability of shareholders to evade debts and cause damage to the interests of the creditors of the company shall bear joint liability for the company's debt.

If the shareholders holding more than 5% of the voting shares of the Company pledge their shares, they shall submit a written report to the Company on the day of such pledge.

The controlling shareholder and actual controller of the Company shall not use their connected relationship to damage the legitimate interests of the Company; who violate the rules and cause losses to the Company shall be liable for compensation.

The controlling shareholder and actual controller of the Company shall have a duty of good faith to the Company and public shareholders. Controlling shareholder shall exercise its investor's rights in strict accordance with the law and shall not damage the legitimate rights and interests of the Company or of public Shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the capital occupation or the provision of a loan guarantee, nor shall the controlling shareholder abuse its controlling positions to damage the interests of the Company or of public shareholders.

GENERAL PROVISIONS FOR SHAREHOLDERS' MEETINGS

The shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

(i) To elect or replace the Directors and Supervisors and to decide on matters relating to the remuneration of Directors and Supervisors;

(ii) To examine and approve reports of the Board of Directors;

(iii) To examine and approve reports of the Board of Supervisors;

(iv) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(v) To decide on any increase or decrease of the Company's registered capital;

(vi) To decide on the issue of corporate bonds by the Company;

(vii) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(viii) To amend the Articles of Association;

(ix) Resolution on appointment and dismissal of an accounting firm by the Company;

(x) To examine and approve the guarantees stipulated in the Articles of Association that need to be examined and approved by the Shareholders' meeting;

(xi) To examine matters relating to the purchases and sales of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets (excluding the purchase of raw materials, fuel and power, and the sale of products, commodities and other assets relevant to daily operation, but excluding the purchase and sale of such assets involved in asset replacement);

(xii) To examine and approve matters relating to changes in the use of proceeds;

(xiii) To examine and approve the equity incentive plans and employee stock ownership plans;

(xiv) To examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association of the Company, which shall be decided by the shareholders' meeting.

The shareholders' meeting may authorize the board of directors to make resolutions on issuance of bonds by the Company. Except for the above, the aforesaid powers of the shareholders' meeting shall not be exercised by the board of directors or any other institution or individual on its behalf upon authorization.

The following acts of external guarantee of the Company shall be submitted to the shareholders' meeting for deliberation and approval:

(i) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;

(iii) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;

(iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(v) Basis of the cumulative guarantee amount within twelve consecutive months, the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;

(vi) The total amount of guarantee provided by a company exceeds 50% of the latest audited net assets of the company within twelve consecutive months and the absolute amount exceeds RMB50 million;

(vii) The guarantee to be provided to a shareholder, or to an actual controller or related party thereof;

(viii) Other guarantees required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Matters requiring external guarantees to be submitted for review by the Company's shareholders' meeting must first be reviewed and approved by the Company's Board of Directors before they can be submitted for review by the shareholders' meeting. When the Board of Directors reviews guarantee matters, approval must be obtained from more than two-thirds of the Directors present at the Board meeting. When the shareholders' meeting reviews the guarantee matters mentioned in item (v) of the preceding paragraph, approval must be obtained from more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the shareholders' meeting reviews proposals for guarantees provided to shareholders, actual controller, and their affiliates, the shareholder in question or the shareholder under the control of the actual controller shall not participate in the voting on such proposals. The voting on such proposals shall be passed by a majority of the voting rights held by the other shareholders present at the shareholders' meeting. If the company provides guarantees for the controlling shareholders, actual controller, and their affiliates, the controlling shareholder, actual controller, and their affiliates shall provide counter-guarantees.

The company may provide guarantees for wholly-owned subsidiaries, or for controlled subsidiaries where other shareholders of the controlled subsidiary provide guarantees in proportion to their equity interests, and in compliance with the securities regulatory rules of the place where the company's share is listed, such guarantees may be exempt from submission for review by the shareholders' meeting if they fall under items (i), (ii), (iv), or (vi) of the first paragraph of this article.

The shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

(i) The number of Directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;

(iii) A written request from shareholders who separately or jointly hold 10% or more shares in the Company;

(iv) The Board of Directors considers it necessary;

(v) The Board of Supervisors proposes that such a meeting shall be held;

(vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

CONVENING OF SHAREHOLDERS' MEETINGS

The shareholders' meeting shall be convened by the Board of Directors, which shall convene the shareholders' meeting within the time limit specified in the Company's Articles of Association. If the Board of Directors is unable or fails to perform its duty to convene the shareholders' meeting, the supervisory board shall promptly convene and preside over it. If the supervisory board does not convene and preside over the meeting, shareholders who individually or collectively hold more than 10% of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

After obtaining the consent of a majority of all independent directors, an independent director has the right to propose to the Board of Directors to convene a special shareholders' meeting. Upon receiving such a proposal, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting. If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. If the Board of Directors disagrees to convene a special shareholders' meeting, it shall state the reasons and make an announcement.

The supervisory board has the right to propose to the Board of Directors to convene a special shareholders' meeting and shall submit such proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and this Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting.

If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original proposal in the notice shall be subject to the consent of the supervisory board. If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the shareholders' meeting. In such cases, the supervisory board may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the company's shares have the right to request the Board of Directors to convene a special shareholders' meeting and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, and the company's Articles of Association, provide a written response within 10 days of receipt, indicating whether it agrees or disagrees to convene a special shareholders' meeting. If the Board of Directors agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after making the board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Board of Directors disagrees to convene a special shareholders' meeting, or fails to provide feedback within 10 days of receipt, shareholders who individually or collectively hold more than 10% of the company's shares have the right to propose to the supervisory board to convene a special shareholders' meeting and shall submit such request in writing to the supervisory board. If the supervisory board agrees to convene a special shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days after receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders. If the supervisory board fails to issue a notice of the shareholders' meeting within the prescribed period, it shall be deemed that the supervisory board does not convene and preside over the shareholders' meeting. In such cases, shareholders who individually or collectively hold more than 10% of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting on their own.

PROPOSALS AND NOTICES OF SHAREHOLDERS' MEETINGS

The company may convene a shareholders' meeting, and the Board of Directors, the supervisory board, as well as shareholders who individually or collectively hold more than 1% of the company's shares, have the right to submit proposals to the company.

Shareholders who individually or collectively hold more than 1% of the company's shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders' meeting. The temporary proposal must have a clear agenda and specific resolution items. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, or the company's Articles of Association, or if it is not within the scope of the shareholders' meeting's authority. If, according to the securities regulatory rules of the place where the company's stock is listed, the shareholders' meeting must be postponed due to the issuance of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the company's stock is listed.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

The shareholders' meeting shall not vote on or make resolutions regarding proposals that are not listed in the notice of the shareholders' meeting or that do not comply with the provisions of the company's Articles of Association.

The convener shall notify each shareholder in writing (including by announcement) at least 21 days before the annual shareholders' meeting, and at least 15 days before the special shareholders' meeting.

A notice of a shareholders' meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) matters and proposals submitted to the meeting for consideration;

(iii) a prominent written statement that all Shareholders are entitled to attend shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;

(iv) the record date of registration of Shareholders entitled to attend the shareholders' meeting;

(v) the name and telephone number of the regular contact person for the meeting;

(vi) the time and procedure for voting online or through other means;

(vii) Other requirements.

After the shareholders' meeting notice has been issued, the meeting should not be postponed or canceled without a valid reason, and the proposals listed in the notice should not be canceled. In the event of a postponement or cancellation, the convener shall announce and explain the reasons at least two trading days before the originally scheduled date. If the securities regulatory rules of the place where the company's stock is listed have special provisions regarding the procedures for postponing or canceling a shareholders' meeting, these provisions shall be followed, provided that they do not violate the regulatory requirements of the domestic jurisdiction.

CONVENING OF SHAREHOLDERS' MEETINGS

All shareholders or their proxies registered on the record date for equity registration shall be entitled to attend the shareholders' meeting. They shall have the right to speak and exercise voting rights at the meeting in accordance with relevant laws, regulations, and the company's Articles of Association (unless individual shareholders are required to abstain from voting on certain matters under the securities regulatory rules of the place where the company's stock is listed). Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

When the shareholders' meeting is convened, all directors, supervisors, and the secretary of the Board of Directors shall be present at the meeting, and the General Manager and other senior management personnel shall attend the meeting as observers.

The shareholders' meeting shall be presided over by the chairman of the board. If the chairman is unable or fails to perform his duties, the meeting shall be presided over by the co-chairman or vice-chairman elected by a majority of the directors; if the co-chairman and vice-chairman are unable or fail to perform their duties, one director shall be elected by a majority of the directors to preside over the meeting. If the shareholders' meeting is convened by the supervisory board, it shall be presided over by the chairman of the supervisory board. If the chairman of the supervisory board is unable or fails to perform his duties, one supervisor shall be elected by a majority of the supervisors to preside over the meeting. If the shareholders' meeting is convened by the shareholders themselves, a representative shall be elected by the conveners to preside over the meeting. If the presiding officer of the meeting violates the rules of procedure and prevents the meeting from proceeding, upon the agreement of more than half of the shareholders present and entitled to vote, the shareholders' meeting may elect one person to serve as the presiding officer to continue the meeting.

The company shall establish rules of procedure for the shareholders' meeting, which shall detail the procedures for convening and voting at the shareholders' meeting, including notification, registration, review of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, record-keeping and signing, and announcement. The rules shall also specify the principles and specific content of the authorization granted by the shareholders' meeting to the Board of Directors. The rules of procedure for the shareholders' meeting shall be an appendix to the company's Articles of Association, drafted by the Board of Directors, and approved by the shareholders' meeting.

VOTING AT THE SHAREHOLDERS' MEETING

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' meeting (including proxies). A special resolution at a shareholders' meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' meeting (including proxies).

The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

(i) Work reports of the Board of Directors and the Board of Supervisors;

(ii) Plans of earnings distribution and recovery of losses schemes drafted by the Board of Directors;

(iii) Appointment or dismissal of the members of the Board of Directors and the Board of Supervisors, their remunerations and the payment method;

(iv) Annual report of the Company and summaries of the annual report;

(v) Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' meeting:

(i) The increase or reduction of the registered capital of the Company;

(ii) The division, merger, dissolution and liquidation of the Company;

(iii) Any amendment to the Articles of Association;

(iv) The purchase and sale of material assets or amount of guarantee provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;

(v) Share incentive plan;

(vi) other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company, shall be passed by a special resolution.

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. Where the securities regulatory rules at the place where the shares of the company are listed provide otherwise, such provisions shall prevail.

Where material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights at shareholders' meeting. If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the "Securities Law," the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' meeting for 36 months after the purchase.

In accordance with the requirements of relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, if any shareholder is required to abstain from voting on the relevant proposal, or restricts any shareholder from voting only for or against the designated proposal, any vote taken by such shareholder or his representative in violation of the aforesaid provisions or restrictions shall not be counted in the voting results. The Board of Directors of a company, independent directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws and regulations, may act as solicitors, either by themselves or by entrusting securities companies or securities service institutions, to publicly request shareholders to entrust them to attend shareholders' meetings on their behalf and exercise shareholder rights such as the right to propose and vote on their behalf, but shall not publicly solicit shareholder rights in a paid or disguised paid manner. Except for the statutory conditions, the Company shall not impose a minimum shareholding restriction on the solicitation of voting rights. The solicitor shall disclose the solicitation announcement and related solicitation documents in accordance with regulations, and disclose the progress and results of the solicitation in accordance with regulations, and the Company shall cooperate. If the solicitor holds the company's shares, it shall promise not to transfer the shares held before the announcement of the resolution of the shareholders' meeting to deliberate the solicitation proposal. The solicitor may use electronic means to publicly solicit shareholders' rights to facilitate the entrustment of shareholders, and the company shall cooperate. If the solicitor only puts forward voting opinions on some of the proposals at the shareholders' meeting, it shall also solicit the voting opinions of shareholders on other proposals and vote on their behalf according to their opinions.

When the shareholders' meeting reviews matters related to related-party transactions, associated shareholders shall not participate in the voting, and the number of shares they represent with voting rights shall not be included in the total number of valid votes; the announcement of the shareholders' meeting resolution shall fully disclose the voting situation of non-associated shareholders.

BOARD OF DIRECTORS

Directors

Directors may include executive Directors, non-executive Directors, and independent Directors. The non-executive director means the director who does not hold a management position in the Company.

Directors of the Company shall be individuals, and a person may not serve as a Director of the Company in case of any of the following circumstances:

(i) the person without civil conduct capacity or with limited civil conduct capacity;

(ii) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;

(iii) the person who is a former director, factory director or General Manager (President) of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;

(iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license;

(v) the person listed as a judgment defaulter by the court of the PRC because the amount of debt he bears is relatively large and the debt is not paid off when it is due;

(vi) the person has been banned by the CSRC from access to the securities market, and the term of prohibition has not expired;

(vii) other contents stipulated by laws, administrative regulations or departmental rules or the securities regulatory rules of the place where the shares of the Company are listed.

Where a Director is elected or appointed in violation of the provisions above, the election, appointment or appointment shall be invalid. If a Director falls under the provisions above during his or her tenure, the Company shall dismiss him or her from office.

Directors are elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term. The term of office for directors is three years, and they may be re-elected for consecutive terms. If the securities regulatory rules of the place where the company's stock is listed have other provisions regarding the re-election of directors, such provisions shall apply.

The term of office for directors begins on the date of their appointment and ends when the current Board of Directors' term expires. If the term of office for directors expires and a timely re-election has not taken place, the outgoing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the company's Articles of Association until the newly elected directors take office.

Subject to the securities regulatory rules of the place where the company's stock is listed, if the Board of Directors appoints new directors to fill a temporary vacancy or to increase the number of directors, the term of the appointed director shall only extend to the first annual shareholders' meeting following their appointment, at which time they shall be eligible for re-election.

The company shall not replace more than half of the total number of directors within any continuous twenty-four-month period; however, this limitation does not apply if a director resigns or is removed from office for violating laws, administrative regulations, or the company's Articles of Association, resulting in the number of directors falling below the number stipulated in the Articles of Association. Directors who are re-elected for consecutive terms are not considered to be replaced or newly elected under this provision.

Directors may concurrently hold the position of General Manager or other senior management positions, but the total number of directors who concurrently hold the position of General Manager or other senior management positions shall not exceed half of the total number of directors of the company.

Directors shall comply with laws, administrative regulations, and the company's Articles of Association and owe the following duties of diligence to the company:

(i) They shall exercise the rights granted to them by the company with prudence, diligence, and care to ensure that the company's business activities comply with national laws, administrative regulations, and all national economic policies, and that business operations do not exceed the scope of business specified in the business license;

(ii) They shall treat all shareholders fairly;

(iii) They shall promptly understand the status of the company's business operations and management;

(iv) They shall sign a written confirmation on the company's regular reports to ensure that the information disclosed by the company is true, accurate, and complete;

(v) They shall provide relevant information and materials to the supervisory board truthfully and shall not obstruct the supervisory board or supervisors from exercising their powers;

(vi) They shall not provide any form of convenience or assistance that is detrimental to the legitimate rights and interests of the company or shareholders to any organization or individual and their acquisition actions that are intended to or are implementing a hostile takeover of the company;

(vii) Other duties of diligence as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the company's stock is listed, and the company's Articles of Association.

Directors may resign before the expiration of their term. Resignation of a director shall be submitted to the Board of Directors in writing. The Board of Directors shall disclose the relevant circumstances within two days. If the resignation of a director causes the number of directors on the board to fall below the statutory minimum, the outgoing director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and the company's Articles of Association until the newly elected director takes office. Except for the circumstances mentioned in the preceding paragraph, the resignation of a director shall take effect upon the delivery of the resignation letter to the Board of Directors.

Without the provisions of the company's Articles of Association or the lawful authorization of the Board of Directors, no director shall act on behalf of the company or the Board of Directors in their personal capacity. When a director acts in their personal capacity, if a third party would reasonably believe that the director is acting on behalf of the company or the Board of Directors, the director shall make a prior declaration of their position and identity.

The qualifications, nomination, resignation, and other matters concerning independent directors shall be carried out in accordance with the relevant provisions of laws, regulations, other normative documents, the securities regulatory rules of the place where the company's stock is listed, and the company's management system.

BOARD OF DIRECTORS

The Company has established a Board of Directors which shall be accountable to the shareholders' meetings.

The Board of Directors shall consist of 9 directors, including 3 Independent Directors.

The Board shall exercise the following duties and powers:

(i) to convene shareholders' meetings and report its work to the shareholders' meetings;

(ii) to implement the resolutions of the shareholders' meetings;

(iii) to resolve business operation plans and investment plans of the Company;

(iv) to formulate the profit distribution plans and plans for recovery of losses of the Company;

(v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;

(vi) to draft plans for significant acquisitions of the Company, the purchase of Shares of the Company, merger, division, dissolution or change of the form of the Company;

(vii) to determine, to the extent authorized by the shareholders' meeting, on such matters as the external investments, purchase or sale of assets, assets mortgage, external guarantee, entrusted wealth management, connected transactions of the Company;

(viii) to determine the internal management structure of the Company;

(ix) to determine the appointment or dismissal of the General Manager of the Company, the Board secretary; and based on the nomination of the General Manager, to determine the appointment or dismissal of the senior management including Deputy General Managers and chief financial officer of the Company and determine their remuneration, rewards and penalties;

(x) to formulate the basic management system of the Company;

(xi) to formulate proposals for any amendment of the Articles of Association;

(xii) to manage the information disclosure of the Company;

(xiii) to propose to the shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;

(xiv) to listen to work reports of the General Manager of the Company and review his/her work;

(xv) to take timely and effective measures to maintain the stability of the company and the interests of the shareholders thereof in case of any crisis in the company provided that mandatory provisions of laws and regulations are not violated;

(xvi) other duties as stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Matters beyond the scope of such authorization shall be submitted to the shareholders' meeting for consideration.

The Board of Directors shall establish special committees such as audit committee, strategy committee, nomination committee, remuneration and appraisal committee, etc. The special committees shall be accountable to the Board of Directors, perform duties pursuant to the company's Articles of Association and the authorization of the Board of Directors, and submit motions to the Board of Directors for deliberation and decision. All members of the special committees shall be directors, among which the audit committee, the nomination committee and the remuneration and appraisal committee shall be chaired by independent directors, while the audit committee shall be chaired by an accounting professional.

The Board of Directors shall have one Chairman, one Co-Chairman, and two Vice Chairmen. The Chairman, Co-Chairman, and Vice Chairmen shall be elected by the Board of Directors with the approval of a majority of all directors.

The Board of Directors shall convene at least four regular meetings per year, called by the Chairman, and all directors and supervisors shall be notified in writing at least 14 days prior to the meeting by personal delivery, mail, fax, or email. Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the supervisory board may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board of Directors meeting within 10 days after receiving the proposal.

A meeting of the Board of Directors shall be held only if more than half of the directors are present. Resolutions of the Board of Directors must be passed by a majority of all directors. Voting on resolutions of the Board of Directors shall be conducted on a one person, one vote basis.

If a director has an associated relationship with the subject matter of a resolution of the Board of Directors, such director shall not exercise the voting right on such resolution, nor shall such director act on behalf of other directors in exercising the voting right. A meeting of the Board of Directors may be held if more than half of the directors without associated relationships are present, and resolutions made at the meeting of the Board of Directors must be passed by a majority of the directors without associated relationships. If the number of directors without associated relationships attending the Board of Directors is less than three, the matter shall be submitted to the shareholders' meeting for review. If laws, regulations, or the securities regulatory rules of the place where the company's stock is listed impose additional restrictions on directors' participation in Board of Directors meetings and voting, such provisions shall prevail.

When the Board of Directors reviews matters related to associated transactions, directors (including authorized agents) who have an associated relationship with such matters may attend the Board of Directors meeting and may explain their views to the attending directors in accordance with the meeting procedures, but they must abstain from voting.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The company shall have one General Manager, several Deputy General Managers, and one Secretary to the Board of Directors, all of whom shall be appointed or dismissed by the Board of Directors.

The General Manager, Deputy General Managers, Chief Financial Officer, Secretary to the Board of Directors, and other senior management personnel confirmed by the Board of Directors of the company are considered senior management personnel of the company.

The provisions in the company's Articles of Association regarding the fiduciary duties and duties of care of directors shall also apply to senior management personnel.

The General Manager is responsible to the Board of Directors and exercises the following powers:

(i) To preside over the company's production and business management activities, implement the resolutions of the Board of Directors, and report work to the Board of Directors;

(ii) To implement the company's annual business plan and investment programs;

(iii) To draft proposals for the establishment of internal management institutions of the company;

(iv) To draft the company's basic management systems;

(v) To formulate specific regulations of the company;

(vi) To propose to the Board of Directors the appointment or dismissal of Deputy General Managers and the Chief Financial Officer;

(vii) To decide on the appointment or dismissal of management personnel other than those who should be appointed or dismissed by the Board of Directors;

(viii) Other powers granted by the company's Articles of Association or the Board of Directors.

The General Manager shall attend the meetings of the Board of Directors.

Senior management personnel of the company shall faithfully perform their duties and safeguard the maximum interests of the company and all shareholders. If senior management personnel fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the company and the public shareholders, they shall be liable for compensation in accordance with the law.

SUPERVISORY COMMITTEE

SUPERVISORY

The circumstances of disqualification for Directors prescribed in the Articles of Association shall be applicable to Supervisors. Directors, the General Manager and other senior management shall not concurrently serve as Supervisors.

A Supervisor shall serve for a term of 3 years and may serve consecutive terms if re-appointed upon expiry of a term.

Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Supervisor, or in the event that the resignation of the Supervisor during his/her term of office results in the number of members of the Board of Supervisors falling below the statutory minimum requirement, such Supervisor shall continue to perform his/her duties as a Supervisor in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the newly elected Supervisor assumes the office.

Supervisors shall not use their affiliated relationships to damage the interests of the Company, and shall be liable for compensation if they cause losses to the Company.

If Supervisors of the Company violate the laws, administrative regulations, departmental rules and the Articles of Association when conducting their duties, causing damage to the Company, they shall be liable for compensation.

BOARD OF SUPERVISORS

The Company shall have a Board of Supervisors. The Board of Supervisors comprises 3 Supervisors including one supervisor who is the representative of employees. The Board of Supervisors comprises with 1 chairman. The Chairman of the Board shall be elected by more than half of all the Supervisors.

The Chairman of the Board shall convene and preside over supervisory board meetings. Where the Chairman of the Board is unable or fails to perform his/her duties, the supervisory board meetings shall be convened and presided over by a Supervisor jointly elected by more than half of the Supervisors.

The Board of Supervisors shall include representatives of Shareholders and a proper proportion of employee representatives of the Company. The proportion of employee representatives shall be no less than one third of the Supervisors appointed. The employee representatives of the Board of Supervisors shall be elected by the Company's employees through the employee representatives meeting, employee meeting or otherwise democratically.

The Board of Supervisors shall exercise the following duties and powers:

(i) to review the periodic reports of the Company prepared by the Board of Directors and express its written opinion;

(ii) to check the financial condition of the Company;

(iii) to supervise the performance of Directors and senior management in the performance of their duties, and propose the removal of Directors and senior management who violate laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' meetings;

(iv) to require Directors and the senior management to make corrections if their conduct has damaged the interests of the Company, reporting to the shareholders' meeting or relevant competent governmental authorities if necessary;

(v) to propose the convening of extraordinary shareholders' meetings and, in the event that the Board of Directors fails to perform the obligations to convene and preside over the shareholders' meetings in accordance with the PRC Company Law, to convene and preside over the shareholders' meetings;

(vi) to propose proposals to the shareholders' meetings;

(vii) To proposal to hold Interim Board meetings;

(viii) to file lawsuit against Directors and senior management in accordance with Article 189 of the PRC Company Law;

(ix) in case of any irregularity identified in the operations of the Company, investigations may be conducted, and if necessary, professional institutions such as accounting firms and law firms may be engaged to assist in their work at the expense of the Company;

(x) Other functions and powers granted by laws, administrative regulations, departmental rules, or the Articles of Association.

The Board of Supervisors shall convene at least one regular meeting every six months. Supervisors may propose to convene an extraordinary supervisory board meeting.

Resolutions of the Board of Supervisors shall be passed by more than half of the Supervisors with one vote for each Supervisor.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

FINANCIAL ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and regulations of relevant departments.

The company's financial accounting reports are prepared, submitted, and disclosed in accordance with the relevant provisions of laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the company's share is listed. The company shall prepare and submit the annual report to the CSRC and the stock exchange where the company's share is listed within four months after the end of each fiscal year; submit and disclose the interim report to the CSRC's dispatched institutions and the stock exchange within two months after the end of the first half of each fiscal year; and submit the quarterly reports within one month after the end of the first three months and the first nine months of each fiscal year. The aforementioned annual reports, interim reports, and quarterly reports are prepared in accordance with the relevant provisions of laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the company's stock is listed.

The Company shall not establish the statutory account books accounts other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

DISTRIBUTION OF PROFITS

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund. Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

After the company has extracted the statutory surplus reserve from the post-tax profit, it may, upon resolution of the shareholders' meeting, extract a discretionary surplus reserve from the post-tax profit. The remaining post-tax profit after the company has made up for losses and extracted surplus reserves shall be distributed in proportion to the shares held by the shareholders. If the shareholders' meeting violates the provisions of the preceding paragraph and distributes profits to the shareholders before the company has made up for losses and extracted the statutory surplus reserve, the shareholders must return the profits distributed in violation of the regulations to the company. Shares held by the company itself do not participate in the profit distribution. The company must appoint one or more collection agents in Hong Kong for the H-shareholders. The collection agent shall collect and hold on behalf of the relevant H-shareholders the dividends and other payments distributed by the company in respect of the H-shares, pending payment to such H-shareholders. The collection agent appointed by the company shall meet the requirements of laws and regulations and the securities regulatory rules of the place where the company's share is listed.

The company's surplus reserves are used to make up for the company's losses, to expand the company's production and operations, or to increase the company's registered capital. When using surplus reserves to make up for losses, the discretionary surplus reserve and the statutory surplus reserve shall be used first; if they are still insufficient to make up for the losses, the capital surplus reserve may be used in accordance with the regulations; if there are still losses, the registered capital may be reduced to make up for the losses. When reducing the registered capital to make up for losses, the company shall not distribute profits to the shareholders, nor shall it exempt the shareholders from the obligation to pay contributions or share payments. In accordance with the provisions of the preceding paragraph, the company shall announce in the designated publications or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within thirty days from the date the shareholders' meeting makes a resolution to reduce the registered capital. After the company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits before the cumulative amount of the statutory surplus reserve and the discretionary surplus reserve reaches fifty percent of the company's registered capital. When the statutory surplus reserve is converted into capital, the amount of such surplus reserve retained shall not be less than twenty-five percent of the company's registered capital before the increase.

The company's profit distribution policy maintains continuity and stability, while also considering the company's long-term interests, the overall interests of all shareholders, and the company's sustainable development. The company's Board of Directors and shareholders' meeting will fully consider the opinions of independent directors and public investors in the decision-making and argumentation process of the profit distribution policy.

The company's profit distribution may take the form of cash, shares, or a combination of both. If the conditions for cash dividends are met, the company will in principle prioritize the cash dividend method of profit distribution; when the company has major investment plans or major cash expenditures, it may distribute dividends in the form of shares.

INTERNAL AUDIT

The Company implements an internal audit system which is equipped with dedicated audit personnel to conduct internal audits for supervision of financial income and expenditure and economic activities of the Company.

The internal audit system of the Company and the duties of audit personnel shall be implemented upon approval by the Board of Directors. The head of audit shall be accountable and report to the Board of Directors.

APPOINTMENT OF AN ACCOUNTING FIRM

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of shareholders' meetings. The Board shall not appoint accounting firm before the approval of the shareholders' meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm or the method of determining audit fee shall be determined by the shareholders' meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 10 days in advance; when the shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation. An accounting firm proposing to resign shall state its opinions in the shareholders' meeting whether the Company has committed any improper act.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

MERGER, DIVISION, CAPITAL INCREASE, AND CAPITAL REDUCTION

Merger of the Company may take the form of absorption or establishment of a new company. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts. Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, such provisions shall also be complied with simultaneously.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital and shall publish an announcement on the designated press or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

The registered capital of the Company after the reduction shall not be less than the statutory minimum amount.

In the event of a merger or division of a company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; If the Company is dissolved, it shall go through the deregistration of the procedures company in accordance with the law; If a new company is established, the company establishment registration shall be completed in accordance with the law. If the Company increases or decreases its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved upon the occurrence of the following events:

(i) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;

(ii) a resolution on dissolution is passed by a shareholders' meeting;

(iii) dissolution is required due to the merger or division of the Company;

(iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;

(v) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the total voting rights of the Company may plead the court to dissolve the Company.

If the Company is in the situation as described in Item (i) of the preceding paragraph and has not yet distributed its properties to shareholders, it can continue to exist by amending the Articles of Association or through a resolution of the shareholders' meeting. The amendment of the Articles of Association or the resolution of the shareholders' meeting as per the preceding paragraph must be passed by more than two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

If the company is dissolved due to the provisions mentioned in items (i), (ii), (iv), and (v) above, a liquidation shall be conducted. The directors shall be the obligors for the company's liquidation and must form a liquidation group within 15 days from the date the cause for dissolution arises to carry out the liquidation. The liquidation group shall be composed of directors or persons determined by the shareholders' meeting. If the liquidation group is not established within the prescribed period to conduct the liquidation, or if the liquidation group is established but fails to conduct the liquidation, interested parties may apply to the People's Court to appoint relevant personnel to form a liquidation group to conduct the liquidation.

The liquidation group shall notify the creditors within 10 days from the date of its establishment and announce it in the designated newspapers or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice.

When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims.

During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has sorted out the company's assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders' meeting or the court for confirmation. The Company's assets shall be used to pay the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the company's debts. The remaining assets shall be distributed among the shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the aforementioned provisions have been complied with.

After sorting out the Company's assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company's assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law. After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

Upon the completion of the company's liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' meeting or the court for confirmation, and file it with the company registration authority to apply for the cancellation of the company registration and announce the termination of the company.

If the company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

(i) after amendments are made to the PRC Company Law or other relevant laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and regulatory rules at the place where the shares of the Company are listed;

(ii) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;

(iii) the shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the shareholders' meetings require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meetings on amendment to the Articles of Association and the examination and approval opinions from relevant authorities.

Any amendment to the Articles of Association that is required to be disclosed in accordance with laws and regulations shall be announced in accordance with provisions thereof.

1. FURTHER INFORMATION ABOUT OUR GROUP

A. Incorporation of Our Company

Our Company was incorporated in the PRC on December 16, 2011, and was converted into a joint stock limited company on December 15, 2015. Our Company completed the listing of our A Shares on the ChiNext of the Shenzhen Stock Exchange (stock code: 300750) in June 2018.

As of the date of this document, our Company's registered address and headquarters are located at No. 2 Xingang Road, Zhangwan Town, Jiaocheng District, Ningde City, Fujian Province, the PRC. Our Company's corporate structure and Articles of Association are governed by PRC laws and regulations.

The relevant PRC laws and regulations and a summary of the Articles of Association are set out in "Appendix IV — Summary of Principal Laws and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" to this document, respectively.

Our principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Our Company is registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●]. Ms. Jian Xuegen has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

B. Changes in the Share Capital of Our Company

Save as disclosed below, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

(i) As considered and approved at the 22nd meeting of the third session of the Board on August 31, 2023, our Company issued 930,952 A Shares for the vesting of restricted stocks under the 2022 Share Incentive Plan. Upon completion of this issuance, our Company's total share capital increased from 4,396,292,935 to 4,397,223,887.

(ii) As considered and approved at the 24th meeting of the third session of the Board on October 19, 2023, our Company issued 1,033,810 A Shares for the vesting of restricted stocks under the restricted share incentive plan approved and adopted on October 29, 2020. Upon completion of this issuance, our Company's total share capital increased from 4,397,223,887 to 4,398,257,697.

(iii) As considered and approved at the 24th meeting of the third session of the Board on October 19, 2023, our Company issued 783,539 A shares for the vesting of restricted stocks under the 2021 Share Incentive Plan. Upon completion of this issuance, our Company's total share capital increased from 4,398,257,697 to 4,399,041,236.

(iv) As considered and approved at the 23rd meeting of the third session of the Board on September 8, 2023, the 27th meeting of the third session of the Board on March 14, 2024 and the 2023 annual general meeting on April 19, 2024, our Company repurchased and cancelled 126,720 and 107,294 A Shares granted to certain participants but not yet unlocked under the restricted stock incentive plan approved and adopted on July 26, 2018 and the restricted stock incentive plan approved and adopted on July 16, 2019, respectively. Upon completion of this repurchase and cancellation, our Company's total share capital decreased from 4,399,041,236 to 4,398,807,222.

(v) As considered and approved at the 30th meeting of the third session of the Board on September 9, 2024, our Company issued 3,568,447 A Shares for the vesting of restricted stocks under the 2023 Share Incentive Plan and the 2022 Share Incentive Plan. Upon completion of this issuance, our Company's total share capital increased from 4,398,807,222 to 4,402,375,669.

(vi) As considered and approved at the 24th meeting of the third session of the Board on October 19, 2023, our Company issued 15 A Shares for the exercise of stock options under the 2021 Share Incentive Plan. Upon completion of this issuance, our Company's total share capital increased from 4,402,375,669 to 4,402,375,684.

(vii) As considered and approved at the 30th meeting of the third session of the Board on September 9, 2024, our Company issued one A Share for the exercise of stock options under the 2022 Share Incentive Plan. Upon completion of this issuance, our Company's total share capital increased from 4,402,375,684 to 4,402,375,685.

(viii) As considered and approved at the 31st meeting of the third session of the Board on October 18, 2024, our Company issued 1,090,773 A Shares for the vesting of restricted stocks under the 2021 Share Incentive Plan. Upon completion of this issuance, our Company's total share capital increased from 4,402,375,685 to 4,403,466,458.

C. Changes in the Share Capital of Our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within two years immediately preceding the date of this document. For details, see "Waivers and Exemptions — Particulars of Information of Our Subsidiaries."

From September 2023 to December 2024, the number of issued shares of CATL-HK increased from 577,507,960 to 6,920,892,285, and its issued share capital increased from HK$577,507,960 to HK$6,920,892,285.

Save as disclosed above, there has been [no] alteration in the registered capital of our Major Subsidiaries within two years preceding the date of this document.

D. Shareholders' Resolutions

At the general meeting of our Company held on January 17, 2025, the following resolutions were passed by the Shareholders:

(i) the issuance of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be [**REDACTED**] on the Stock Exchange;

(ii) the number of H Shares to be issued pursuant to the [**REDACTED**] before the exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the enlarged share capital of our Company upon completion of the [**REDACTED**], and the [**REDACTED**] shall not exceed [**REDACTED**]% of the above number of H Shares to be issued;

(iii) subject to the completion of the [**REDACTED**], the Articles of Association to become effective on the [**REDACTED**] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and

(iv) to authorize the Board and its authorized person to handle the matters relating to, among others, the [**REDACTED**], the issuance and [**REDACTED**] of the H Shares.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) [has been] entered into by members of our Group within two years preceding the date of this document which is or may be material:

(i) the [**REDACTED**].

B. Intellectual Property Rights

(a) Trademarks

Registered Trademarks

As of September 30, 2024, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration number	Registered owner	Category	Expiry Date
1. . . .	CATL	PRC	11130090	the Company	9	November 13, 2033
2. . . .	CATL	PRC	18794913	the Company	9	February 6, 2027
3. . . .	CATL	PRC	22773120	the Company	9	February 20, 2028
4. . . .	CATL	PRC	22773147	the Company	9	February 20, 2028
5. . . .	时代电服	PRC	44916798	the Company	37	January 6, 2031
6. . . .	宁德时代	PRC	47026533	the Company	12	April 20, 2031
7. . . .	宁德时代	PRC	47029701	the Company	9	April 27, 2031
8. . . .	宁德时代	PRC	51537017	the Company	42	August 27, 2031
9. . . .	宁德时代	PRC	51561417	the Company	9	August 27, 2031
10 . . .	Enerone	PRC	62274008	the Company	9	September 27, 2033
11 . . .	EnerC	PRC	62293700	the Company	9	October 13, 2033
12 . . .	EnerC	PRC	65308017	the Company	9	March 6, 2034
13 . . .	21C LAB	PRC	66899562	the Company	12	August 6, 2034
14 . . .	CIIC	PRC	67303155	the Company	12	May 6, 2033
15 . . .	CIIC	PRC	67325303	the Company	9	March 6, 2034

No.	Trademark	Place of registration	Registration number	Registered owner	Category	Expiry Date
16 . . .	巧克力	PRC	68050063	the Company	9	March 6, 2034
17 . . .	巧克力	PRC	68062615	the Company	37	February 13, 2034
18 . . .	CIIC	PRC	69184599	the Company	12	July 13, 2034
19 . . .	CharGo	PRC	69675945	the Company	37	July 6, 2034
20 . . .	CharGo	PRC	69711753	the Company	9	September 13, 2034
21 . . .	CIIC	PRC	70964930	the Company	37	May 13, 2034
22 . . .	巧克力	PRC	72027915	the Company	37	December 27, 2033
23 . . .	骐骥	PRC	72434930	the Company	12	February 20, 2034
24 . . .	飞枢	PRC	72474780	the Company	12	January 27, 2034
25 . . .	CharGo	PRC	72964068	the Company	37	August 20, 2034
26 . . .	宁德时代	PRC	73407136	the Company	40	April 13, 2034
27 . . .	宁德时代	PRC	73408204	the Company	37	April 13, 2034
28 . . .	宁德时代	PRC	73416078	the Company	9	April 13, 2034
29 . . .	宁德时代神行	PRC	73426214	the Company	9	April 27, 2034
30 . . .	宁德时代	PRC	73430258	the Company	42	April 6, 2034
31 . . .	骐骥	PRC	75620509	the Company	40	July 27, 2034
32 . . .	宁德时代	PRC	76994672	the Company	9	September 6, 2034
33 . . .	宁德时代天恒	PRC	77398991	the Company	9	September 6, 2034
34 . . .	宁德时代天行	PRC	77527221	the Company	9	September 20, 2034
35 . . .	宁德时代磐石	PRC	77736629	the Company	12	September 27, 2034
36 . . .	宁德时代磐石	PRC	77737313	the Company	9	September 27, 2034

(b) Patents

As of September 30, 2024, we had registered the following patents which we consider to be or may be material to our business:

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
1 . .	the Company	Power battery top cover structure and power battery	Invention	ZL201710078707.8	February 14, 2017	February 13, 2037	PRC
2 . .	the Company	Tab dislocation control method and winding device	Invention	ZL201710822282.7	September 13, 2017	September 12, 2037	PRC
3 . .	the Company	An electrode pole piece, electrochemical device and safety coating	Invention	ZL201711091767.X	November 8, 2017	November 7, 2037	PRC
4 . .	the Company	Electrode pole piece, electrochemical device and safety coating	Invention	ZL201711091766.5	November 8, 2017	November 7, 2037	PRC
5 . .	the Company	Electrode pole piece, electrochemical device and safety coating	Invention	ZL201711092989.3	November 8, 2017	November 7, 2037	PRC
6 . .	the Company	Positive pole piece, electrochemical device and safety coating	Invention	ZL201711091425.8	November 8, 2017	November 7, 2037	PRC
7 . .	the Company	Electrolyte and electrochemical energy storage device	Invention	ZL201711097835.3	November 9, 2017	November 8, 2037	PRC
8 . .	the Company	Current collector, pole piece thereof and battery	Invention	ZL201711267311.4	December 5, 2017	December 4, 2037	PRC
9 . .	the Company	Side plate structure body, shell of battery module and battery module	Invention	ZL201711478653.0	December 29, 2017	December 28, 2037	PRC
10 . .	the Company	Connecting elements and rechargeable battery	Invention	ZL201810039471.1	January 16, 2018	January 15, 2038	PRC
11 . .	the Company	Suspending agent for lithium ion battery cathode, lithium ion battery cathode and lithium ion battery	Invention	ZL201810514684.5	May 25, 2018	May 24, 2038	PRC
12 . .	the Company	Positive plate and lithium ion battery	Invention	ZL201810558165.9	June 1, 2018	May 31, 2038	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
13. .	the Company	Negative pole piece, preparation method thereof and electrochemical device	Invention	ZL201810712609.X	June 29, 2018	June 28, 2038	PRC
14. .	the Company	Negative pole piece, preparation method thereof and electrochemical device	Invention	ZL201810720748.7	June 29, 2018	June 28, 2038	PRC
15. .	the Company	Sampling assembly and battery module	Invention	ZL201810813707.2	July 23, 2018	July 22, 2038	PRC
16. .	the Company	Electrolyte and lithium ion battery	Invention	ZL201810884022.7	August 6, 2018	August 5, 2038	PRC
17. .	the Company	Negative pole piece and secondary battery	Invention	ZL201810989451.0	August 28, 2018	August 27, 2038	PRC
18. .	the Company	Roll press device	Invention	ZL201811038675.X	September 6, 2018	September 5, 2038	PRC
19. .	the Company	Battery module and confluence assembly thereof	Invention	ZL201811075009.3	September 14, 2018	September 13, 2038	PRC
20. .	the Company	Battery module and converging member and converging assembly thereof	Invention	ZL201811074071.0	September 14, 2018	September 13, 2038	PRC
21. .	the Company	Lithium ion secondary battery	Invention	ZL201811094862.X	September 19, 2018	September 18, 2038	PRC
22. .	the Company	Non-aqueous electrolyte and lithium ion battery	Invention	ZL201811140346.6	September 28, 2018	September 27, 2038	PRC
23. .	the Company	Positive electrode plate and lithium ion secondary battery	Invention	ZL201811136888.6	September 28, 2018	September 27, 2038	PRC
24. .	the Company	Lithium ion battery	Invention	ZL201811159878.4	September 30, 2018	September 29, 2038	PRC
25. .	the Company	Electrolyte and secondary battery	Invention	ZL201811206883.6	October 17, 2018	October 16, 2038	PRC
26. .	the Company	Conveying roller and winding machine	Invention	ZL201811290089.4	October 31, 2018	October 30, 2038	PRC
27. .	the Company	Battery Box	Invention	ZL201811294488.8	November 1, 2018	October 31, 2038	PRC
28. .	the Company	Lower box and battery case	Invention	ZL201811294857.3	November 1, 2018	October 31, 2038	PRC
29. .	the Company	Battery Pack	Invention	ZL201811300970.8	November 2, 2018	November 1, 2038	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
30. .	the Company	Battery pack	Invention	ZL201811361300.7	November 15, 2018	November 14, 2038	PRC
31. .	the Company	Electrode plate and electrochemical device	Invention	ZL201811644244.8	December 29, 2018	December 28, 2038	PRC
32. .	the Company	Lithium supplement agent, positive pole piece, isolating membrane and lithium ion battery	Invention	ZL201811637420.5	December 29, 2018	December 28, 2038	PRC
33. .	the Company	Battery pack thermal management system and thermal management system for electric vehicle	Invention	ZL201910152153.0	February 28, 2019	February 27, 2039	PRC
34. .	the Company	Unwinding device and unwinding equipment	Invention	ZL201910185637.5	March 12, 2019	March 11, 2039	PRC
35. .	the Company	Positive pole piece and electrochemical device	Invention	ZL201910299937.6	April 15, 2019	April 14, 2039	PRC
36. .	the Company	Drying and screening device and drying and screening equipment	Invention	ZL201910344571.X	April 26, 2019	April 25, 2039	PRC
37. .	the Company	High temperature sintering equipment and method for negative electrode material	Invention	ZL201910346139.4	April 26, 2019	April 25, 2039	PRC
38. .	the Company	Welding head and ultrasonic welding device	Invention	ZL201910423107.X	May 21, 2019	May 20, 2039	PRC
39. .	the Company	Negative pole piece, battery cell and lithium ion battery	Invention	ZL201910471965.1	May 31, 2019	May 30, 2039	PRC
40. .	the Company	Negative pole piece, battery cell and lithium ion battery	Invention	ZL201910471884.1	May 31, 2019	May 30, 2039	PRC
41. .	the Company	Temperature control assembly and battery pack	Invention	ZL201910528787.1	June 18, 2019	June 17, 2039	PRC
42. .	the Company	Positive electrode material, preparation method therefor, and use thereof	Invention	ZL201910578163.0	June 28, 2019	June 27, 2039	PRC
43. .	the Company	Positive electrode material, preparation method therefor, and use thereof	Invention	ZL201910585849.2	July 1, 2019	June 30, 2039	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
44 . .	the Company	Pole piece winding equipment	Invention	ZL201910636229.7	July 15, 2019	July 14, 2039	PRC
45 . .	the Company	Negative electrode active material and secondary battery	Invention	ZL201910688061.4	July 29, 2019	July 28, 2039	PRC
46 . .	the Company	Solid electrolyte membrane and solid lithium metal battery	Invention	ZL201910802273.0	August 28, 2019	August 27, 2039	PRC
47 . .	the Company	Positive electrode active material, positive electrode plate and lithium ion secondary battery	Invention	ZL201910845574.1	September 2, 2019	September 1, 2039	PRC
48 . .	the Company	Battery cell circulation clamp, equipment and method	Invention	ZL201910903193.4	September 24, 2019	September 23, 2039	PRC
49 . .	the Company	Tab dislocation adjusting method and device	Invention	ZL201910907531.1	September 24, 2019	September 23, 2039	PRC
50 . .	the Company	Battery pack and vehicle	Invention	ZL201910975573.9	October 15, 2019	October 14, 2043	PRC
51 . .	the Company	Electrolyte for lithium ion battery, battery module, battery pack and device	Invention	ZL201910996078.6	October 18, 2019	October 17, 2039	PRC
52 . .	the Company	Explosion-proof valve, battery pack, and apparatus	Invention	ZL202010128393.X	February 28, 2020	February 27, 2040	PRC
53 . .	the Company	Battery formation system	Invention	ZL202010513713.3	June 8, 2020	June 7, 2040	PRC
54 . .	the Company	Self-heating control method and device for power battery	Invention	ZL202010664362.6	July 10, 2020	July 9, 2040	PRC
55 . .	the Company	Battery pack, electric device, and method for manufacturing battery pack	Invention	ZL202010757351.2	July 31, 2020	July 30, 2040	PRC
56 . .	the Company	Valve, battery and electric equipment	Invention	ZL202010901519.2	August 31, 2020	August 30, 2040	PRC
57 . .	the Company	Mounting seat, battery and consumer	Invention	ZL202011367674.7	November 27, 2020	November 26, 2040	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
58. .	the Company	Battery cell, battery, electric device, and method for manufacturing battery cell	Invention	ZL202011404806.9	December 2, 2020	December 1, 2040	PRC
59. .	the Company	Microencapsulated transition metal ion capture agent and preparation method thereof	Invention	ZL202110099606.5	January 25, 2021	January 24, 2041	PRC
60. .	the Company	Microencapsulated transition metal ion scavenger for water treatment and preparation method thereof	Invention	ZL202110099598.4	January 25, 2021	January 24, 2041	PRC
61. .	the Company	Microencapsulated transition metal ion scavenger, preparation method and diaphragm	Invention	ZL202110099597.X	January 25, 2021	January 24, 2041	PRC
62. .	the Company	Electrode assembly, preparation method thereof, battery cell, battery and power utilization device	Invention	ZL202110310578.7	March 23, 2021	March 22, 2041	PRC
63. .	the Company	Adjustable winding needle and pole piece winding device	Invention	ZL202110410222.0	April 16, 2021	April 15, 2041	PRC
64. .	the Company	Secondary battery, battery module, battery pack, and power consumption device	Invention	ZL202110877250.3	July 31, 2021	July 30, 2041	PRC
65. .	the Company	Battery cell and battery, device, preparation method, and preparation device related thereto	Invention	ZL202110995033.4	August 27, 2021	August 26, 2041	PRC
66. .	the Company	Heating device and heating method	Invention	ZL202111017043.7	August 31, 2021	August 30, 2041	PRC
67. .	the Company	Composite graphite material, preparation method thereof, negative electrode plate and secondary battery	Invention	ZL202111079771.0	September 15, 2021	September 14, 2041	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
68 . .	the Company	Rolling device and rolling method	Invention	ZL202111101095.2	September 18, 2021	September 17, 2041	PRC
69 . .	the Company	Electricity core formation anchor clamps and electricity core formation system	Invention	ZL202111126108.1	September 26, 2021	September 25, 2041	PRC
70 . .	the Company	Clamp, method for clamping battery, heating system and battery heating and cold pressing method	Invention	ZL202111138784.0	September 27, 2021	September 26, 2041	PRC
71 . .	the Company	Lithium ion battery, battery module, battery pack and electric apparatus	Invention	ZL202111159457.3	September 30, 2021	September 29, 2041	PRC
72 . .	the Company	Positive pole piece, secondary battery, battery module, battery pack and electric device	Invention	ZL202111159354.7	September 30, 2021	September 29, 2041	PRC
73 . .	the Company	Battery pack overturning device and method	Invention	ZL202111190580.1	October 13, 2021	October 12, 2041	PRC
74 . .	the Company	Air filling device, air tightness testing device, air filling method and air tightness testing method	Invention	ZL202111223022.0	October 20, 2021	October 21, 2041	PRC
75 . .	the Company	Battery box body, crimping device and manufacturing method of battery box body	Invention	ZL202111258460.0	October 27, 2021	October 26, 2041	PRC
76 . .	the Company	Isolation film, secondary battery, battery module, battery pack and electrical apparatus	Invention	ZL202111269648.5	October 29, 2021	October 28, 2041	PRC
77 . .	the Company	Battery cell, battery and power consumption device	Invention	ZL202210095200.4	January 26, 2022	January 25, 2042	PRC
78 . .	the Company	Positive electrode slurry, method for preparing positive electrode plate, secondary battery, battery module, battery pack and electric device	Invention	ZL202210178219.5	February 25, 2022	February 24, 2042	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
79. .	the Company	Battery box, battery and power consumption device	Invention	ZL202210285589.9	March 23, 2022	March 22, 2042	PRC
80. .	the Company	Clamping device and battery manufacturing equipment	Invention	ZL202210501242.3	May 10, 2022	May 9, 2042	PRC
81. .	the Company	Battery and electricity utilization device	Invention	ZL202210708033.6	June 22, 2022	June 21, 2042	PRC
82. .	the Company, CATL-JS	End cover assembly, battery cell, battery, and power utilization device	Invention	ZL202210929978.0	August 4, 2022	August 3, 2042	PRC
83. .	the Company, CATL-JS	Adapter member, battery cell, battery, and power utilization device	Invention	ZL202210935449.1	August 5, 2022	August 4, 2042	PRC
84. .	the Company	Pole piece, electric core, battery and electric equipment	Invention	ZL202211371202.8	November 3, 2022	November 2, 2042	PRC
85. .	the Company	Pole piece, electric core, battery and electric equipment	Invention	ZL202211370336.8	November 3, 2022	November 2, 2042	PRC
86. .	the Company	Electrolyte, sodium ion battery and electricity utilization device	Invention	ZL202310289538.8	March 23, 2023	March 22, 2043	PRC
87. .	the Company	Battery cell, battery and power consumption device	Invention	ZL202310363528.4	April 7, 2023	April 6, 2043	PRC
88. .	the Company	Box, battery and electric equipment	Invention	ZL202310487798.6	May 4, 2023	May 3, 2043	PRC
89. .	the Company	Positive pole piece, battery and electric equipment	Invention	ZL202310507530.4	May 8, 2023	May 7, 2043	PRC
90. .	the Company	Positive pole piece, battery and electric equipment	Invention	ZL202310514842.8	May 9, 2023	May 8, 2043	PRC
91. .	the Company	Positioning jig and transportation system	Invention	ZL202310520471.4	May 10, 2023	May 9, 2043	PRC
92. .	the Company	Energy storage device and control method thereof	Invention	ZL202310573797.3	May 22, 2023	May 21, 2043	PRC
93. .	the Company	Electrode assembly, secondary battery, and electricity using device	Invention	ZL202310597446.6	May 25, 2023	May 24, 2043	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
94. .	the Company	Composite conductive agent, negative electrode composition containing same, negative electrode plate, battery and electric device	Invention	ZL202310611703.7	May 26, 2023	May 25, 2043	PRC
95. .	the Company	Secondary battery, preparation method thereof and power utilization device	Invention	ZL202310639708.0	June 1, 2023	May 31, 2043	PRC
96. .	the Company	Positive pole piece, battery and electric equipment	Invention	ZL202310668403.2	June 7, 2023	June 6, 2043	PRC
97. .	the Company	Cleaning device, impurity removal system and cleaning method	Invention	ZL202310789225.9	June 30, 2023	June 29, 2043	PRC
98. .	the Company	Image processing method, apparatus, device, storage medium, and program product	Invention	ZL202310820447.2	July 6, 2023	July 5, 2043	PRC
99. .	the Company	Battery torsion detection method, related device, battery, equipment and storage medium	Invention	ZL202310830675.8	July 7, 2023	July 6, 2043	PRC
100 .	the Company	Winding system and winding method thereof	Invention	ZL202310841090.6	July 11, 2023	July 10, 2043	PRC
101 .	the Company	Electrode, preparation method thereof, battery and battery application	Invention	ZL202310864130.9	July 14, 2023	July 13, 2043	PRC
102 .	the Company	Polymer, preparation method, dispersing agent, positive electrode slurry, positive electrode plate, secondary battery and electricity utilization device	Invention	ZL202310864117.3	July 14, 2023	July 13, 2043	PRC
103 .	the Company	Polymer, preparation method, dispersing agent, positive electrode slurry, positive electrode plate, secondary battery and electricity utilization device	Invention	ZL202310864261.7	July 14, 2023	July 13, 2043	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
104 .	the Company	Image processing method, apparatus, device, storage medium, and program product	Invention	ZL202310877081.2	July 18, 2023	July 17, 2043	PRC
105 .	the Company	Sensor, manufacturing method, battery cell, battery and electricity utilization device	Invention	ZL202310888754.4	July 19, 2023	July 18, 2043	PRC
106 .	the Company	Liquid discharge valve of battery, battery and electricity utilization device	Invention	ZL202310891183.X	July 20, 2023	July 19, 2043	PRC
107 .	the Company	Pole piece, preparation method thereof, battery monomer, battery and electricity utilization device	Invention	ZL202310904929.6	July 24, 2023	July 23, 2043	PRC
108 .	the Company	Electrode assembly, battery and electric equipment	Invention	ZL202310919314.0	July 26, 2023	July 25, 2043	PRC
109 .	the Company	Negative electrode plate, preparation method thereof, secondary battery and power utilization device	Invention	ZL202310931325.0	July 27, 2023	July 26, 2043	PRC
110 .	the Company	Surface coating layer binding force detection system, device and method and coating equipment	Invention	ZL202311017645.1	August 14, 2023	August 13, 2043	PRC
111 .	the Company	Epoxy resin powder coating material, battery case, secondary battery, and electric device	Invention	ZL202311052305.2	August 21, 2023	August 20, 2043	PRC
112 .	the Company	Battery, power utilization device and gas detection method of battery	Invention	ZL202311070144.X	August 24, 2023	August 23, 2043	PRC
113 .	the Company	Battery and electricity utilization device	Invention	ZL202311075799.6	August 25, 2023	August 24, 2043	PRC
114 .	the Company	Gas sensor, battery cell, battery and gas concentration detection method	Invention	ZL202311080571.6	August 25, 2023	August 24, 2043	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
115 .	the Company	Gas sensor, battery, power consumption device, and gas concentration detection method	Invention	ZL202311080575.4	August 25, 2023	August 24, 2043	PRC
116 .	the Company	Battery and electricity utilization device	Invention	ZL202311084898.0	August 28, 2023	August 27, 2043	PRC
117 .	the Company	Energy storage device and gas concentration detection method thereof	Invention	ZL202311093473.6	August 29, 2023	August 28, 2043	PRC
118 .	the Company	Cathode plate detection system and method	Invention	ZL202311157576.4	September 8, 2023	September 7, 2043	PRC
119 .	the Company	Pole piece folding control method and device, pole piece folding device and battery production system	Invention	ZL202311168982.0	September 12, 2023	September 11, 2043	PRC
120 .	the Company	Pole piece folding control method and device, pole piece folding device and battery production system	Invention	ZL202311168985.4	September 12, 2023	September 11, 2043	PRC
121 .	the Company	Separator, preparation method thereof, battery and power utilization device	Invention	ZL202311183984.7	September 14, 2023	September 13, 2043	PRC
122 .	the Company	Negative current collector, preparation method thereof, negative electrode plate, lithium metal battery and power utilization device	Invention	ZL202311196336.5	September 18, 2023	September 17, 2043	PRC
123 .	the Company	Support transfer device, support method and battery production system	Invention	ZL202311219355.5	September 21, 2023	September 20, 2043	PRC
124 .	the Company	Winding needle assembly, winding device and winding method	Invention	ZL202311229325.2	September 22, 2023	September 21, 2043	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
125 .	the Company	Perovskite thin film, perovskite precursor liquid, perovskite battery and electricity utilization device	Invention	ZL202311304817.3	October 10, 2023	October 9, 2043	PRC
126 .	the Company	Electrode plate, secondary battery, electricity utilization device, preparation method and recycling method	Invention	ZL202311318161.0	October 12, 2023	October 11, 2043	PRC
127 .	the Company	Glue spreading detection method and pole piece glue spreading system	Invention	ZL202311331418.6	October 16, 2023	October 15, 2043	PRC
128 .	the Company	Positive electrode active material, preparation method thereof, positive electrode plate, secondary battery and power utilization device	Invention	ZL202311331958.4	October 16, 2023	October 15, 2043	PRC
129 .	the Company	Polymer, preparation method thereof and secondary battery containing same	Invention	ZL202311349955.3	October 18, 2023	October 17, 2043	PRC
130 .	the Company	Pressurizing device, system and method for replacing pressing block for battery module	Invention	ZL202311350713.6	October 18, 2023	October 17, 2043	PRC
131 .	the Company	Positive electrode active material, preparation method thereof, positive electrode plate, battery and electricity utilization device	Invention	ZL202311380418.5	October 24, 2023	October 23, 2043	PRC
132 .	the Company	Heat exchange device, box, battery and power utilization device	Invention	ZL202311389712.2	October 25, 2023	October 24, 2043	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
133 .	the Company	Lithium supplementing agent, preparation method thereof, positive electrode plate, battery and power utilization device	Invention	ZL202311392258.6	October 25, 2023	October 24, 2043	PRC
134 .	the Company	Polymer, primer paste, composite current collector, secondary battery and electricity utilization device	Invention	ZL202311392134.8	October 25, 2023	October 24, 2043	PRC
135 .	the Company	Battery and electricity utilization device	Invention	ZL202311419343.7	October 30, 2023	October 29, 2043	PRC
136 .	the Company	Battery and electricity utilization device	Invention	ZL202311419402.0	October 30, 2023	October 29, 2043	PRC
137 .	the Company	Adhesive and preparation method thereof, negative electrode plate, battery and power utilization device	Invention	ZL202311423953.4	October 31, 2023	October 30, 2043	PRC
138 .	the Company	Negative electrode plate, preparation method thereof, battery and electricity utilization device	Invention	ZL202311466654.9	November 7, 2023	November 6, 2043	PRC
139 .	the Company	Battery monomer, preparation method thereof, battery and power utilization device	Invention	ZL202311480350.8	November 8, 2023	November 7, 2043	PRC
140 .	the Company	Pole piece detection method and system	Invention	ZL202311484017.4	November 9, 2023	November 8, 2043	PRC
141 .	the Company	Lithium supplementing additive, positive pole piece, battery and electricity utilization device	Invention	ZL202311504784.7	November 13, 2023	November 12, 2043	PRC
142 .	the Company	Pole piece, secondary battery and electricity utilization device	Invention	ZL202311633510.8	December 1, 2023	November 30, 2043	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
143.	the Company	Polymer of polymer alkali metal salt and application thereof in preparation of secondary battery	Invention	ZL202311633671.7	December 1, 2023	November 30, 2043	PRC
144.	the Company	Secondary battery and electricity utilization device	Invention	ZL202311633137.6	December 1, 2023	November 30, 2043	PRC
145.	the Company	Paper tearing device, paper tearing method, rubberizing equipment and rubberizing method	Invention	ZL202410051829.8	January 15, 2024	January 14, 2044	PRC
146.	the Company	Rubberizing device, rubberizing method and battery production line	Invention	ZL202410090142.5	January 23, 2024	January 22, 2044	PRC
147.	the Company	Evaluation method for effective replenishment level of active ions of secondary ion battery	Invention	ZL202410142206.1	February 1, 2024	January 31, 2044	PRC
148.	the Company	Welding method and welding system for pole	Invention	ZL202410143662.8	February 1, 2024	January 31, 2044	PRC
149.	the Company	Method and apparatus for controlling battery	Invention	ZL202410150478.6	February 2, 2024	February 1, 2044	PRC
150.	the Company	Battery liquid injection system and battery liquid injection method	Invention	ZL202410156119.1	February 4, 2024	February 3, 2044	PRC
151.	the Company	Welding quality detection system and method	Invention	ZL202410161178.8	February 5, 2024	February 4, 2044	PRC
152.	the Company	Storage device, battery assembly system, control method and battery production system	Invention	ZL202410179109.X	February 18, 2024	February 17, 2044	PRC
153.	the Company	Tab detection system and tab detection method	Invention	ZL202410200679.2	February 23, 2024	February 22, 2044	PRC
154.	the Company	Data processing system and method	Invention	ZL202410211570.9	February 27, 2024	February 26, 2044	PRC
155.	the Company	Material conveying line, material conveying method and pallet material conveying control method	Invention	ZL202410233414.2	March 1, 2024	February 29, 2044	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
156 .	the Company	Detection system and detection method for pole piece	Invention	ZL202410252548.9	March 6, 2024	March 5, 2044	PRC
157 .	the Company	Battery production system	Invention	ZL202410347859.3	March 26, 2024	March 25, 2044	PRC
158 .	the Company	Processing device, battery production equipment and processing method of cylindrical battery monomer	Invention	ZL202410349028.X	March 26, 2024	March 25, 2044	PRC
159 .	the Company	Battery cell pairing system, battery production system and battery cell pairing method	Invention	ZL202410397475.2	April 3, 2024	April 2, 2044	PRC
160 .	the Company	Angle iron installation equipment and angle iron installation method	Invention	ZL202410525332.5	April 29, 2024	April 28, 2044	PRC
161 .	CATL-JS	Battery cell production equipment and battery cell manufacturing method	Invention	ZL202010685748.5	July 16, 2020	July 15, 2040	PRC
162 .	CATL-JS	Air tightness detection device and method thereof	Invention	ZL202011095453.9	October 14, 2020	October 13, 2040	PRC
163 .	CATL-JS	Box, battery and device	Invention	ZL202011120254.9	October 19, 2020	October 18, 2040	PRC
164 .	CATL-JS	End cover assembly, battery cell, exhaust method, battery and power utilization device	Invention	ZL202011276284.9	November 16, 2020	November 15, 2040	PRC
165 .	CATL-JS	Battery equalization method and apparatus, and battery management system	Invention	ZL202011539345.6	December 23, 2020	December 22, 2040	PRC
166 .	CATL-JS	Battery cell, method for manufacturing same, battery, and power utilization device	Invention	ZL202011600657.3	December 30, 2020	December 29, 2040	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
167 .	CATL-JS	Battery cell, manufacturing method and manufacturing system thereof, battery and power utilization device	Invention	ZL202110408588.4	April 16, 2021	April 15, 2041	PRC
168 .	CATL-JS	Battery gas tightness test fixture and gas tightness test system	Invention	ZL202110566868.8	May 24, 2021	May 23, 2041	PRC
169 .	CATL-JS	Welding equipment and welding process	Invention	ZL202110660570.3	June 15, 2021	June 14, 2041	PRC
170 .	CATL-JS	Box assembly, battery, power utilization equipment and manufacturing method and device of box assembly	Invention	ZL202110742242.8	July 1, 2021	June 30, 2041	PRC
171 .	CATL-JS	Electrode assembly, battery cell, battery and power utilization equipment	Invention	ZL202110791258.8	July 13, 2021	July 12, 2041	PRC
172 .	CATL-JS	Winding needle, battery cell manufacturing equipment and battery cell manufacturing method	Invention	ZL202110803567.2	July 16, 2021	July 15, 2041	PRC
173 .	CATL-JS	Battery cell, battery, power utilization device, and method and apparatus for manufacturing battery cell	Invention	ZL202111437751.6	November 30, 2021	November 29, 2041	PRC
174 .	CATL-JS	Battery shell flatness adjustment method and device, and battery manufacturing system	Invention	ZL202210764580.6	July 1, 2022	June 30, 2042	PRC
175 .	CATL-JS	Battery module, battery, and power utilization device	Invention	ZL202211107305.3	September 13, 2022	September 12, 2042	PRC
176 .	Guangdong Brunp, Hunan Brunp	Method for recovering and preparing lithium cobaltate from waste lithium ionic cell	Invention	ZL200810028730.7	June 12, 2008	June 11, 2028	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
177 .	Hunan Brunp	Treatment method of nickel-cobalt-manganese wastewater generated in waste and old battery treatment process	Invention	ZL200910044152.0	August 18, 2009	August 17, 2029	PRC
178 .	Hunan Brunp	Method for recovering and restoring anode material graphite of waste lithium ion battery	Invention	ZL200910226670.4	December 18, 2009	December 17, 2029	PRC
179 .	Hunan Brunp	Method for separating impurities from cobalt and/or nickel solution by non-saponifiable extraction	Invention	ZL201010605139.0	December 24, 2010	December 23, 2030	PRC
180 .	Guangdong Brunp, Hunan Brunp	Recovery method of lithium in waste battery	Invention	ZL201010605151.1	December 24, 2010	December 23, 2030	PRC
181 .	Guangdong Brunp, Hunan Brunp	Method for recovering lithium and iron from lithium iron phosphate power battery for electromobile	Invention	ZL201110147698.6	June 3, 2011	June 2, 2031	PRC
182 .	Guangdong Brunp, Hunan Brunp	Method for recovering lithium from lithium power battery of electric automobile	Invention	ZL201110147696.7	June 3, 2011	June 2, 2031	PRC
183 .	Guangdong Brunp, Hunan Brunp	Method for treating ammonia nitrogen wastewater	Invention	ZL201110234027.3	August 16, 2011	August 15, 2031	PRC
184 .	Guangdong Brunp, Hunan Brunp	Device and method for treating ammonia nitrogen wastewater by using dioxygen biological filler	Invention	ZL201110300853.3	September 29, 2011	September 28, 2031	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
185 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling, Ningde Brunp Recycling Technology Co., Ltd.	Method for recovering power cells for NEVs	Invention	ZL201110297933.8	October 8, 2011	October 7, 2031	PRC
186 .	Guangdong Brunp, Hunan Brunp	Preparation method for metallic oxide cladded anode material of lithium ion battery	Invention	ZL201110250157.6	October 21, 2011	October 20, 2031	PRC
187 .	Guangdong Brunp, Hunan Brunp	Chemical separating method for aluminum foil in waste lithium ion battery positive plate	Invention	ZL201110357947.4	November 14, 2011	November 13, 2031	PRC
188 .	Guangdong Brunp, Hunan Brunp	Apparatus for treating iron-containing acid waste water generated from power battery disassembly, and method thereof	Invention	ZL201110425718.1	December 15, 2011	December 14, 2031	PRC
189 .	Hunan Brunp	Method for recovering valuable metals from spent lithium-ion batteries	Invention	ZL201210004806.9	January 9, 2012	January 8, 2032	PRC
190 .	Guangdong Brunp, Hunan Brunp	Method for modifying rich lithium cobalt lithium manganite cathode material of lithium ion battery	Invention	ZL201210032537.7	February 14, 2012	February 13, 2032	PRC
191 .	Guangdong Brunp, Hunan Brunp	Device for treating and reusing wastewater produced during scraped car dismantling process	Invention	ZL201210074666.2	March 20, 2012	March 19, 2032	PRC
192 .	Guangdong Brunp, Hunan Brunp	Oxygen-deficient incineration device for treating discarded power battery residue	Invention	ZL201210211852.6	June 25, 2012	June 24, 2032	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
193 .	Guangdong Brunp, Hunan Brunp	Method for preparing nickel-cobalt lithium manganate by waste and old power batteries in directional circulation	Invention	ZL201210421198.1	October 29, 2012	October 28, 2032	PRC
194 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling, Ningde Brunp Recycling Technology Co., Ltd.	Method for preparing nickel-cobalt-manganese hydroxide	Invention	ZL201310076317.9	March 11, 2013	March 10, 2033	PRC
195 .	Hunan Brunp, Guangdong Brunp	Separation method for current collectors and active materials in lithium ion battery positive and negative pole pieces	Invention	ZL201310201111.4	May 27, 2013	May 26, 2033	PRC
196 .	Hunan Brunp, Guangdong Brunp	Method for recovering valuable metals from spent lithium-ion batteries	Invention	ZL201410032008.6	January 23, 2014	January 22, 2034	PRC
197 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling, Ningde Brunp Recycling Technology Co., Ltd.	A kind of preparation method of power type nickel-cobalt lithium manganate cathode material	Invention	ZL201410076330.9	March 4, 2014	March 3, 2034	PRC
198 .	Hunan Brunp, Guangdong Brunp	Method for preparing battery-grade lithium carbonate from recycled lithium ion battery material	Invention	ZL201410443005.1	September 2, 2014	September 1, 2034	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
199 .	Hunan Brunp Automobile Recycling, Guangdong Brunp, Hunan Brunp	Whole-vehicle on-line system for recycling and disassembling power battery of electric vehicle trunk	Invention	ZL201510091147.0	February 28, 2015	February 27, 2035	PRC
200 .	Hunan Brunp, Guangdong Brunp	Method for recycling lithium from waste lithium ion battery	Invention	ZL201510108230.4	March 12, 2015	March 11, 2035	PRC
201 .	Hunan Brunp Automobile Recycling, Guangdong Brunp, Hunan Brunp	Wing type container for layered transportation of scrapped electric automobile power batteries	Invention	ZL201510208687.2	April 28, 2015	April 27, 2035	PRC
202 .	Hunan Brunp, Guangdong Brunp	Comprehensive recovery method of lithium iron phosphate waste	Invention	ZL201810460794.8	May 15, 2018	May 14, 2038	PRC
203 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	A kind of preparation method of high density power type nickel-cobalt lithium manganate cathode material	Invention	ZL201810505256.6	May 24, 2018	May 23, 2038	PRC
204 .	Guangdong Brunp, Hunan Brunp	Preparation method of nickel-cobalt lithium manganate for coated power battery	Invention	ZL201810521420.2	May 28, 2018	May 27, 2038	PRC
205 .	Guangdong Brunp, Hunan Brunp	A kind of preparation method of power battery nickel-cobalt lithium manganate material	Invention	ZL201811065579.4	September 13, 2018	September 12, 2038	PRC
206 .	Guangdong Brunp, Hunan Brunp	Preparation method and application of nickel 55 type nickel cobalt lithium manganate material	Invention	ZL201811356940.9	November 15, 2018	November 14, 2038	PRC
207 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Method for purifying, repairing and regenerating graphite in retired power battery	Invention	ZL202010042366.0	January 15, 2020	January 14, 2040	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
208 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Graphite purification and lattice reconstruction method in power battery	Invention	ZL202010485582.2	June 1, 2020	May 31, 2040	PRC
209 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Anaerobic cracking method of power battery	Invention	ZL202010518461.3	June 9, 2020	June 8, 2040	PRC
210 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Automated fine and deep separating method for power batteries, and device	Invention	ZL202010802939.5	August 11, 2020	August 10, 2040	PRC
211 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Vacuum cracking equipment and cracking method for power battery	Invention	ZL202010858434.0	August 24, 2020	August 23, 2040	PRC
212 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Vacuum cracking method and cracking apparatus for traction battery	Invention	ZL202010857403.3	August 24, 2020	August 23, 2040	PRC
213 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Method for preparing nickel cobalt lithium manganate through reverse positioning of power battery and application	Invention	ZL202011535963.3	December 23, 2020	December 22, 2040	PRC
214 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Method for safely recycling waste pole pieces of lithium ion battery and application thereof	Invention	ZL202110295469.2	March 19, 2021	March 18, 2041	PRC

No.	Registered owner	Patent	Type of patent	Registration number	Application date	Expiry date	Place of registration
215 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	High-performance lithium nickel cobalt manganese oxide positive electrode material for power battery and preparation method of high-performance lithium nickel cobalt manganese oxide positive electrode material	Invention	ZL202110885776.6	August 3, 2021	August 2, 2041	PRC
216 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Method for recycling lithium-ion battery positive electrode material	Invention	ZL202110944649.9	August 17, 2021	August 16, 2041	PRC
217 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Method for wet recovery of valuable metals in lithium-ion battery	Invention	ZL202110943314.5	August 17, 2021	August 16, 2041	PRC
218 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Method for extracting lithium from waste lithium-ion batteries	Invention	ZL202111036546.9	September 6, 2021	September 5, 2041	PRC
219 .	Guangdong Brunp, Hunan Brunp, Hunan Brunp Automobile Recycling	Method for separating and recovering valuable metals from waste ternary lithium-ion batteries	Invention	ZL202111159214.X	September 30, 2021	September 29, 2041	PRC

(c) Copyrights

Software Copyrights

As of September 30, 2024, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Registered owner	Software	Place of registration	Registration number
1 . .	the Company	Lithium ion battery performance prediction platform V1.0	PRC	2023SR1569420
2 . .	the Company	Lithium ion battery lifespan prediction platform V1.0	PRC	2023SR0321756
3 . .	the Company	Electrode strip winding tension control analysis software in pre-cell process V2.0	PRC	2023SR1538186
4 . .	the Company	Battery cell R&D data convergence analysis system V1.0	PRC	2023SR1649045
5 . .	the Company	Battery cells intelligent design system V1.0	PRC	2023SR0414507
6 . .	the Company	First piece data automatic upload software V1.0	PRC	2024SR0426225
7 . .	the Company	Taishan-equipment maintenance management system V2.0	PRC	2024SR0212843
8 . .	the Company	Test equipment monitoring and management system V1.0	PRC	2024SR0205379
9 . .	the Company	Offline instrument data acquisition system V1.00	PRC	2023SR0096614
10 .	the Company	Electrolyte error-proof system V2.0	PRC	2022SR1596549
11 .	the Company	Lifespan modeling and calculation software for in-vehicle BMS and energy storage power electronic products V1.0	PRC	2023SR1092252
12 .	the Company	Unmanned testing system V1.0	PRC	2023SR0834460
13 .	the Company	Cell CT Image overhang automatic measurement system V1.0	PRC	2023SR0523995
14 .	the Company	Cell CT image processing software V1.0	PRC	2023SR0523996
15 .	the Company	Cell Xray image processing system V1.0	PRC	2023SR0523997

No.	Registered owner	Software	Place of registration	Registration number
16 .	the Company	Anode mixing center control system V1.0	PRC	2022SR0913350
17 .	the Company	AI-assisted winding defect detection system V10.0	PRC	2020SR0921603
18 .	the Company	Global traceability system V1.0	PRC	2020SR0907790

(d) Domain Name

As of September 30, 2024, we had registered the following domain name which we consider to be or may be material to our business:

No.	Domain name
1. . .	www.catl.com

3. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS OF OUR COMPANY

A. Disclosure of Interests of Directors, Supervisors and Chief Executive

To the best knowledge of our Directors, saved as disclosed below, immediately following the completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), none of our Directors, Supervisors or chief executive has any interests or short positions in the Shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they apply to the Supervisors).

(i) Interests in Shares of our Company

Name	Position	Nature of interest	Number and description of Shares	Approximate % of the issued Shares immediately after the [REDACTED][(1)]
Dr. Zeng Yuqun. .	Chairman of the Board, executive Director and general manager	Interest in a controlled corporation[(2)]	1,024,704,949 A Shares	[**REDACTED**]%
Mr. Li Ping	Vice chairman of the Board and executive Director	Beneficial owner	201,510,277 A Shares	[**REDACTED**]%
Mr. Zhou Jia . . .	Vice chairman of the Board and executive Director	Beneficial owner[(3)]	379,403 A Shares	[**REDACTED**]%
Mr. Zhao Fenggang	Executive Director	Beneficial owner[(4)]	327,149 A Shares	[**REDACTED**]%

Notes:

(1) Assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(2) For details of the interest held by Dr. Zeng Yuqun, see "Substantial Shareholders."

(3) Mr. Zhou Jia is entitled to subscribe for 379,403 A Shares pursuant to the stock options granted to him under the 2022 Share Incentive Plan, subject to the conditions thereof.

(4) Mr. Zhao Fenggang is entitled to subscribe for (i) 85,963 A Shares pursuant to the stock options granted to him under the 2022 Share Incentive Plan, (ii) 32,834 A Shares pursuant to the restricted stocks granted to him under the 2022 Share Incentive Plan, and (iii) 208,352 A Shares pursuant to the restricted stocks granted to him under the 2023 Share Incentive Plan, subject to the conditions thereof.

(ii) Interests in Our Associated Corporations

Name	Position	Members of our Group	Nature of interests	Approximate % of shareholding
Dr. Zeng Yuqun .	Chairman of the Board, executive Director and general manager	Ningbo Contemporary Brunp Lygend Co., Ltd.	Interest in a controlled corporation[(1)]	12.57%
Mr. Li Ping	Vice chairman of the Board and executive Director	Suzhou Contemporary Synland Technology Co., Ltd.	Interest in a controlled corporation[(2)]	10.00%

Notes:

(1) As of the Latest Practicable Date, Dr. Zeng Yuqun owned 55% of the equity interests in Xiamen Ruiting and Ruihua Investment, which is wholly owned by Dr. Zeng Yuqun, owned 45% of the equity interests in Xiamen Ruiting. Ningbo Contemporary Brunp Lygend Co., Ltd. was owned as to 12.57% by Xiamen Ruiting. Therefore, Dr. Zeng Yuqun is deemed to be interested in the Shares of Ningbo Contemporary Brunp Lygend Co., Ltd. held by Xiamen Ruiting under the SFO.

(2) As of the Latest Practicable Date, (i) Mr. Li Ping owned 90% of the equity interests in Shanghai Shida Investment Management Co., Ltd. ("**Shanghai Shida**"), and (ii) Shanghai Shida owned 10% of the equity interests in Suzhou Contemporary Synland Technology Co., Ltd. Therefore, Mr. Li Ping is deemed to be interested in the Shares of Suzhou Contemporary Synland Technology Co., Ltd. held by Shanghai Shida under the SFO.

B. Particulars of Service Contract

Our Company [has] entered into a service agreement or appointment letter with each of the Directors and Supervisors. The principal particulars of these service agreements and appointment letters are: (a) each of the agreement or letter is for a term of three years following his/her respective effective date of his/her appointment; and (b) each of the agreement or letter is subject to termination in accordance with their respective terms. The service agreements and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, our Directors or Supervisors has not entered into or propose to enter into any service contracts with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

C. Directors' and Supervisors' remuneration

Under the current arrangements in effect, we estimate the total accrued pre-tax remuneration in kind of our Directors and Supervisors for the year ending December 31, 2025 will be approximately RMB51 million. The actual remuneration of our Directors and Supervisors in 2025 may differ from the expected remuneration.

For details of the Directors' and Supervisors' remuneration, see "Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Five Highest Paid Individuals" and Note 9 to the Accountants' Report as set out in Appendix I to this document.

D. Interests of Substantial Shareholders in Shares of Our Company and/or Our Major Subsidiaries

(i) Interests in Our Company

Save as disclosed in "Substantial Shareholders," our Directors were not aware of any persons who would, immediately following the completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), having interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders' general meetings of our Company.

(ii) Interests in Our Major Subsidiaries

Our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with paragraph 45(2) of Part A of Appendix D1A to the Listing Rules in relation to the disclosure of each person (apart from the Directors or chief executive of our Company) who is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities. For details, see "Waivers and Exemptions — Particulars of Information of Our Subsidiaries."

As of the Latest Practicable Date, to the best knowledge of our Directors, the following persons (other than members of our Group, the Directors or chief executive of our Company) were interested in 10% or more of the voting rights at general meetings of our Major Subsidiaries:

Name of Major Subsidiary	Name of substantial shareholder	Approximate % of voting rights held by substantial shareholder
UABC	SAIC Motor Investment Management Co., Ltd. (上海汽車集團投資管理有限公司)	49.0%
CATL-SC	Luoyang Guohong Investment Holding Group Co., Ltd. (洛陽國宏投資控股集團有限公司)	20.8%

E. Disclaimers

(i) Save as disclosed in this document, none of the Directors, Supervisors of our Company or any of the parties listed in "— 5. Other Information — G. Consents of Experts" in this Appendix:

(A) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(B) is materially interested in any contract or arrangement subsisting at the date of this document that is significant in relation to our Company's business; and

(ii) none of the Directors or Supervisors of our Company or their close associates or any Shareholders who, to the knowledge of our Directors, own more than 5% of our issued share capital, have any interest in the top five customers or suppliers of our Company.

4. SHARE INCENTIVE PLANS

The following is a summary of the key terms of the Share Incentive Plans currently being implemented by our Company, including the 2021 Share Incentive Plan, the 2022 Share Incentive Plan and the 2023 Share Incentive Plan. The terms of Share Incentive Plans do not involve any grant of Share Incentives by our Company after the [**REDACTED**] and are not subject to the provisions of Chapter 17 of the Listing Rules. The terms of the Share Incentive Plans are summarized below.

A. Purposes

The purposes of the Share Incentive Plans are to further establish and improve our long-term incentive mechanism, attract and retain outstanding talents, and fully motivate their enthusiasm and innovation to enhance cohesion and core competitiveness of our Company. The Share Incentive Plans are implemented to align the interests of our Shareholders, our Company and our core team members, which is beneficial to the sustainable development of our Group and ensures the realization of our development strategy and business objectives.

B. Type of Share Incentives

The Share Incentives are granted in two forms: (i) restricted stocks and (ii) stock options. Under the 2021 Share Incentive Plan and the 2022 Share Incentive Plan, we may grant both restricted stocks and stock options to eligible participants. Under the 2023 Share Incentive Plan, we may grant restricted stocks to eligible participants only.

C. Administration

Each of the Share Incentive Plans is subject to the approval of our Company's general meeting, administration of the Board and the supervision of the Board of Supervisors and independent non-executive Directors.

D. Participants

Participants under the Share Incentive Plans include (as the case may be), (i) middle-level management personnels, (ii) core employees, and (iii) the Directors and senior management members of our Company, but do not include (i) independent non-executive Directors, (ii) Supervisors, and (iii) Shareholders who, individually or in aggregate, holding 5% or more of the Shares of our Company, or actual controller(s) and their respective spouse, parents and children.

E. Source and Maximum Number of Shares

The underlying Shares for the Share Incentives are new A Shares to be issued by our Company. The number of Shares granted to any individual grantee under all the share incentive plans of our Company currently in effect shall not exceed 1% of our Company's total share capital.

Subject to the adjustment mechanisms set out in paragraph K below, the maximum number of Share Incentives initially available to be granted under each Share Incentive Plan is as follows:

Share Incentive Plan	Maximum number of Shares corresponding to initial Share Incentives that may be granted
2021 Share Incentive Plan	5,161,040 A Shares
2022 Share Incentive Plan	5,134,064 A Shares
2023 Share Incentive Plan	12,595,589 A Shares

F. Date of Grant and Term of the Plans

The grant date of Share Incentives shall be determined by the Board after the approval of the Share Incentive Plans by the Shareholders at a general meeting. Unless otherwise stipulated by laws and regulations, the grant date must be a trading day of the Shenzhen Stock Exchange. The grant of Share Incentives is subject to the approval of the Board and shall be registered and announced within 60 days after the approval of the Share Incentive Plans at a general meeting.

The term of the Share Incentive Plans shall commence from the date of the completion of the first tranche of the grant of Share Incentives under the relevant plans and continue until the Share Incentives are fully exercised, canceled, vested, or lapsed, whichever is earlier. This term shall not exceed 72 months, 75 months, or 84 months, as applicable.

G. Conditions to the Grant of Share Incentives

Share Incentives will only be granted to eligible participants if the following conditions are fulfilled:

(i) With respect to our Company, none of the following circumstances having occurred:

(A) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our accountant's report for the most recent fiscal year;

(B) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(C) our Company has failed to distributed profits in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing on the Shenzhen Stock Exchange;

(D) implementation of any share incentive plan is prohibited under applicable laws and regulations; or

(E) any other circumstances determined by the CSRC.

(ii) With respect to a grantee, none of the following circumstances having occurred:

(A) he or she has been regarded as an inappropriate participant by a stock exchange within the last 12 months;

(B) he or she has been regarded as an inappropriate participant by the CSRC or its local office within the last 12 months;

(C) he or she has been punished or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;

(D) he or she is not qualified to serve as a director or senior management according to the PRC Company Law;

(E) he or she is prohibited from participating in any share incentive plans of listed companies according to applicable laws and regulations; or

(F) any other circumstances determined by the CSRC.

No consideration is paid/payable for the eligible participants to be granted Share Incentives under the Share Incentive Plans.

H. Lock-up Arrangements

The lock-up arrangements under the Share Incentive Plans are determined according to the Articles of Association and applicable PRC laws and regulations:

(i) if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;

(ii) if the grantee is a Director or senior management of our Company and their respective spouse, parents and child (ren), income gained through sale of Shares of our Company within six months of the purchase or repurchase of Shares of our Company within six months of the sale, shall belong to our Company and be reclaimed by the Board; and

(iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the Share Incentive Plan, the grantee shall comply with the amended laws and regulations and the Articles of Association.

I. Vesting (Exercise) of Share Incentives

The Share Incentives will be vested or exercised when (i) the conditions set out under paragraph G above are fulfilled; and (ii) the performance targets of our Company and the grantees as set out under the relevant plans are achieved. The granted Share Incentives will be vested (exercised) in accordance with the schedules under the relevant plans after the lock-up period as follows:

Share Incentive Plan	Type of Share Incentives	Vesting (Exercise) schedule
2021 Share Incentive Plan	Restricted stocks and stock options	(i) Vested (Exercised) in tranches of 20%, 30% and 50% in each of the three vesting (exercise) periods, which occur between the first trading date after the 12 months from the date of grant and the last trading day up to the 48 months of the date of grant; or (ii) Vested (Exercised) in tranches of 20%, 25%, 25% and 30% in each of the four vesting (exercise) periods, which occur between the first trading date after the 12 months from the date of grant and the last trading day up to the 60 months of the date of grant.

Share Incentive Plan	Type of Share Incentives	Vesting (Exercise) schedule
2022 Share Incentive Plan	Restricted stocks and stock options	(i) Vested (Exercised) in tranches of 20%, 30% and 50% in each of the three vesting (exercise) periods, which occur between the first trading date after the 12 months from the date of grant and the last trading day up to the 48 months of the date of grant;
		(ii) Vested (Exercised) in tranches of 20%, 25%, 25% and 30% in each of the four vesting (exercise) periods, which occur between the first trading date after the 12 months from the date of grant and the last trading day up to the 60 months of the date of grant; or
		(iii) Vested (Exercised) in tranches of 15%, 15%, 20%, 20% and 30% in each of the five vesting (exercise) periods, which occur between the first trading date after the 12 months from the date of grant and the last trading day up to the 72 months of the date of grant.
2023 Share Incentive Plan	Restricted stocks	(i) Vested in tranches of 50% in each of the two vesting periods, which occur between the first trading date after the 12 months from the date of grant and the last trading day up to the 36 months of the date of grant; or
		(ii) Vested in tranches of 20% in each of the five vesting periods, which occur between the first trading date after the 12 months from the date of grant and the last trading day up to the 72 months of the date of grant.

The Share Incentives granted but not vested (exercised) shall not be transferred, used as collateral or for repayment of debt. Stock options are exercised under a voluntary exercise model. According to the actual operation of voluntary exercise procedures, the actual exercisable period shall be from the date when the voluntary exercise procedures are completed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the last trading day within 12 months from the date when the exercise conditions are fulfilled.

The vesting (exercise) of the Share Incentives granted shall be on a trading day, which shall not fall within any prohibited period stipulated by the CSRC and the Shenzhen Stock Exchange.

J. Exercise Price

The exercise price of each Share Incentives shall not be lower than the nominal value of each A Share and, in principle, shall not be lower than (as the case may be stipulated in the relevant Share Incentive Plans):

Share Incentive Plan	Type of Share Incentives	Exercise price
2021 Share Incentive Plan	Restricted stocks	The higher of (i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the 2021 Share Incentive Plan; and (ii) 50% of the average trading price of A Shares during the 120 trading days immediately preceding the announcement of the 2021 Share Incentive Plan
	Stock options	The higher of (i) the average trading price of A Shares on the trading day immediately preceding the announcement of the 2021 Share Incentive Plan; and (ii) the average trading price of A Shares during the 120 trading days immediately preceding the announcement of the 2021 Share Incentive Plan

Share Incentive Plan	Type of Share Incentives	Exercise price
2022 Share Incentive Plan	Restricted stocks	The higher of (i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the 2022 Share Incentive Plan; and (ii) 50% of the average trading price of A Shares during the 60 trading days immediately preceding the announcement of the 2022 Share Incentive Plan
	Stock options	The higher of (i) the average trading price of the A Shares on the trading day immediately preceding the announcement of the 2022 Share Incentive Plan; and (ii) the average trading price of the A Shares during the 60 trading days immediately preceding the announcement of the 2022 Share Incentive Plan
2023 Share Incentive Plan	Restricted stocks	The higher of (i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the 2023 Share Incentive Plan; and (ii) 50% of the average trading price of A Shares during the 60 trading days immediately preceding the announcement of the 2023 Share Incentive Plan

K. Adjustment

Subject to the other terms and conditions contained in the Share Incentive Plans, the number and/or exercise price of granted Share Incentives may be adjusted upon the occurrence of certain events from the date of the announcement of the relevant Share Incentive Plan to the completion of relevant registration or exercise by the grantee. These events include, as the case may be, (i) capitalization of reserves, (ii) distribution of stock dividends, (iii) distribution of cash dividends, (iv) share subdivision, and (v) share issuance or share consolidation.

L. Dividend and Voting Rights

Upon the vesting (exercise) of Share Incentives in accordance with the relevant plans, the grantees will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and right to vote at the general meeting.

M. Outstanding Share Incentives

As of the Latest Practicable Date, the number of the outstanding Share Incentives granted under the Share Incentive Plans was 14,992,524, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). If all outstanding Share Incentives granted under the Share Incentive Plans are fully exercised, assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**], the issued and outstanding Shares held by Shareholders following the [**REDACTED**] will be diluted by approximately [**REDACTED**]%. The dilutive effect on our earnings per share will be approximately [**REDACTED**]%.

The following table sets forth the details of outstanding Share Incentives granted to Directors and senior management members of our Company under the Share Incentive Plans as of the Latest Practicable Date. As our Supervisors are not eligible participants under the rules of the Share Incentive Schemes, we did not grant any Share Incentive to them as of the Latest Practicable Date.

Name of grantee	Position in our Group	Date of grant	Type of Share Incentives	Number of outstanding Share Incentives	Exercise price (per Share)	Vesting period/ Exercise period	Approximate % of the issued Shares immediately after the [REDACTED][(1)]
Directors or senior management members							
Mr. Zhou Jia . . .	Vice chairman of the Board and executive Director	September 8, 2022	Stock options	379,403	RMB285.69	48/60 months	[**REDACTED**]%
Mr. Zhao Fenggang	Executive Director	September 8, 2022	Stock options	85,963	RMB285.69	48 months	[**REDACTED**]%*
		September 8, 2022	Restricted stocks	32,834	RMB139.45	60 months	[**REDACTED**]%*
		September 8, 2023	Restricted stocks	208,352	RMB107.68	72 months	[**REDACTED**]%*

Name of grantee	Position in our Group	Date of grant	Type of Share Incentives	Number of outstanding Share Incentives	Exercise price (per Share)	Vesting period/ Exercise period	Approximate % of the issued Shares immediately after the [REDACTED][1]
Mr. Tan Libin. .	Vice general manager	September 8, 2022	Restricted stocks	50,744	RMB139.45	48/60 months	[**REDACTED**]%*
		September 8, 2023	Restricted stocks	194,094	RMB107.68	72 months	[**REDACTED**]%*
Mr. Jiang Li . . .	Vice general manager and Board secretary	September 8, 2022	Restricted stocks	14,264	RMB139.45	48/72 months	[**REDACTED**]%*
		September 8, 2023	Restricted stocks	148,173	RMB107.68	72 months	[**REDACTED**]%*
Mr. Zheng Shu . .	Chief financial officer	September 8, 2022	Restricted stocks	11,609	RMB139.45	72 months	[**REDACTED**]%*
		September 8, 2023	Restricted stocks	151,507	RMB107.68	72 months	[**REDACTED**]%*
Total . . .				**1,276,943**			[**REDACTED**]%

Notes:

(1) Assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

* Denotes less than [**REDACTED**]

The following table sets forth the details of outstanding Share Incentives granted to other grantees (excluding Directors, Supervisors or senior management members of our Company) under the Share Incentive Plans as of the Latest Practicable Date, by number range:

Range of outstanding Share Incentives	Date of grant	Number of grantees[(1)]	Number of outstanding Share Incentives	Exercise price (per Share)	Vesting period/ Exercise period	Approximate % of the issued Shares immediately after the [REDACTED][(2)]
1-10,000. .	November 19, 2021	391	1,490,098	RMB333.25 or RMB163.23	48/60 months	[**REDACTED**]%
	September 8, 2022	4,060	2,135,706	RMB285.69 or RMB139.45	48/60/72 months	[**REDACTED**]%
	September 8, 2023	335	456,230	RMB107.68	36/72 months	[**REDACTED**]%
10,001-100,000 .	November 19, 2021	44	639,542	RMB333.25 or RMB163.23	48/60 months	[**REDACTED**]%
	September 8, 2022	52	1,204,665	RMB285.69 or RMB139.45	48/60/72 months	[**REDACTED**]%
	September 8, 2023	45	3,105,904	RMB107.68	36/72 months	[**REDACTED**]%
>100,000 .	September 8, 2022	6	829,783	RMB285.69 or RMB139.45	48/60/72 months	[**REDACTED**]%
	September 8, 2023	23	3,853,653	RMB107.68	36/72 months	[**REDACTED**]%
Total . . .		**4,956**	**13,715,581**			[**REDACTED**]%

Notes:

(1) Individual grantees may be granted restricted stocks and/or stock options under one or more Share Incentive Plans.

(2) Assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

The following table sets forth the details of outstanding Share Incentives granted to other grantees (excluding Directors, Supervisors or senior management members of our Company) under each Share Incentive Plan as of the Latest Practicable Date:

Share Incentive Plans	Number of grantees[(1)]	Date of grant	Number of outstanding Share Incentives	Exercise price (per Share)	Vesting period/ Exercise period	Approximate % of the issued Shares immediately after the [REDACTED][(2)]
2021 Share Incentive Plan .	435	November 19, 2021	2,129,640	RMB163.23 or RMB333.25	48/60 months	[**REDACTED**]%
2022 Share Incentive Plan .	4,118	September 8, 2022	4,170,154	RMB139.45 or RMB285.69	48/60/72 months	[**REDACTED**]%
2023 Share Incentive Plan .	403	September 8, 2023	7,415,787	RMB107.68	36/72 months	[**REDACTED**]%
Total	**4,956**		**13,715,581**			[**REDACTED**]%

Notes:

(1) Individual grantees may be granted restricted stocks and/or stock options under one or more Share Incentive Plans.

(2) Assuming (i) the [**REDACTED**] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

B. Litigation

As of the Latest Practicable Date, we were not aware of any litigation or arbitration proceedings of material importance pending or threatened against any member of our Group that could have a material adverse effect on our financial condition or results of operations.

C. Joint Sponsors

The Joint Sponsors have applied to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**]. All necessary arrangements have been made enabling the H Shares to be admitted into [**REDACTED**].

Each of Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will be paid by our Company a fee of US$300,000 to act as a sponsor to our Company in connection with the [**REDACTED**].

D. Compliance Advisor

Our Company has appointed China Securities (International) Corporate Finance Company Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

F. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

Potential [**REDACTED**] in the [**REDACTED**] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of [**REDACTED**] or [**REDACTED**] or [**REDACTED**] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or lawful liabilities of, any person, resulting from the [**REDACTED**], [**REDACTED**], [**REDACTED**] or [**REDACTED**], [**REDACTED**] or the exercise of any rights in relation to our H Shares.

G. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Securities (International) Corporate Finance Company Limited	A licensed corporation carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
J.P. Morgan Securities (Far East) Limited	A licensed corporation under the SFO carrying on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Merrill Lynch (Asia Pacific) Limited	A licensed corporation carrying on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), and Type 6 (advising on corporate finance) regulated activities under the SFO
Llinks Law Offices	PRC legal advisors to our Company

Name	Qualification
Grant Thornton Hong Kong Limited	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Auditors for Public Interest Entities under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
GGII	Independent industry consultant

Save as disclosed in this document and in connection with the [**REDACTED**], none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

H. Promoters

The promoters of our Company are as follows:

No.	Name of promoters of our Company
1 . . .	Xiamen Ruiting
2 . . .	Mr. Huang Shilin
3 . . .	Ningbo United Innovation of New Energy Investment Management Partnership (Limited Partnership)
4 . . .	Mr. Li Ping

Within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

I. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

J. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

K. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, business position or prospects since September 30, 2024, being the date of our consolidated financial statements as set out in the Accountants' Report as set out in Appendix I to this document, and up to the date of this document.

L. Miscellaneous

Save as disclosed in this document, in connection with the [**REDACTED**] or otherwise waived or exempted from disclosure pursuant to the waivers and exemptions disclosed in this document,

(i) within the two years immediately preceding the date of this document, to the best of our knowledge,

(A) neither our Company nor any of our Major Subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash; and

(B) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our Major Subsidiaries;

(ii) no share or loan capital of our Company or any of the Major Subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months proceeding the date of this document; and

(v) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(i) the written consents referred to in "Appendix VI — Statutory and General Information — 5. Other Information — G. Consents of Experts" to this document; and

(ii) a copy of the material contract(s) referred to in "Appendix VI — Statutory and General Information — 2. Further Information about Our Business — A. Summary of Material Contract" to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.catl.com** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the Accountants' Report from Grant Thornton Hong Kong Limited, the text of which is set out in Appendix I to this document;

(iii) the audited financial statements of our Group for the two years ended December 31, 2023, and the nine months ended September 30, 2024;

(iv) the report on unaudited [**REDACTED**] financial information of our Group from Grant Thornton Hong Kong Limited, the text of which is set out in Appendix II to this document;

(v) the legal opinions issued by Shanghai Llinks Law Offices, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;

(vi) the industry report prepared by GGII, the summary of which is set forth in "Industry Overview;"

(vii) the PRC Company Law, the PRC Securities Law, and the Overseas Listing Trial Measures together with their unofficial English translations;

(viii) the material contract(s) referred to in "Appendix VI — Statutory and General Information — 2. Further Information about Our Business — A. Summary of Material Contract" to this document;

(ix) the written consents referred to in "Appendix VI — Statutory and General Information — 5. Other Information — G. Consents of Experts" to this document;

(x) the service contracts referred to in "Appendix VI — Statutory and General Information — 3. Further Information about Directors, Supervisors, Chief Executive and Substantial Shareholders of Our Company" to this document; and

(xi) the terms of the Share Incentive Plans.