REPT BATTERO 瑞浦兰钧

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

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

(Stock Code: 0666)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2024:

- The Group's revenue was RMB7,596.7 million, representing a year-on-year increase of 15.2%.
- The Group's gross profit was RMB272.4 million, representing a year-on-year increase of 1.9%.
- The Group's loss for the period was RMB658.2 million, representing a year-on-year decrease of 28.4%.
- Basic and diluted loss per share for the period of the Company amounted to RMB0.19 (corresponding period of 2023: loss of RMB0.33).

The board of directors (the "**Board**") of REPT BATTERO Energy Co., Ltd. (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**", "**We**" or "**REPT BATTERO**") for the six months ended 30 June 2024, together with the comparative amounts and explanatory notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Audited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**7,596,665**	6,594,794
Cost of sales		**(7,324,299)**	(6,327,560)
Gross profit		**272,366**	267,234
Other income and gains	*4*	**280,589**	85,990
Selling and distribution expenses		**(224,285)**	(157,715)
Administrative expenses		**(300,737)**	(239,655)
Research and development expenses		**(406,280)**	(505,246)
Impairment losses on financial and contract assets, net		**(103,649)**	(249,102)
Other expenses		**(990)**	(5,817)
Finance costs		**(170,413)**	(113,114)
Share of profits and losses of:			
Joint ventures		**(2,873)**	(681)
Associates		**(1,908)**	–
LOSS BEFORE TAX	*5*	**(658,180)**	(918,106)
Income tax expenses	*6*	**(32)**	(1,628)
LOSS FOR THE PERIOD		**(658,212)**	(919,734)
Attributable to:			
Owners of the parent		**(442,973)**	(710,215)
Non-controlling interests		**(215,239)**	(209,519)
		(658,212)	(919,734)

	Notes	Six months ended 30 June **2024** **(Unaudited)** ***RMB'000***	2023 (Audited) *RMB'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(18)**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(658,230)**	(919,734)
Attributable to:			
Owners of the parent		**(442,991)**	(710,215)
Non-controlling interests		**(215,239)**	(209,519)
		(658,230)	(919,734)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the period *(RMB)*	*7*	**(0.19)**	(0.33)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**15,817,393**	15,293,043
Right-of-use assets		**1,066,699**	957,893
Other intangible assets		**42,058**	41,379
Investments in joint ventures		**170,367**	173,240
Investment in an associate		**6,824**	1,482
Prepayments, other receivables and other assets		**178,871**	232,779
Equity investment designated at fair value through other comprehensive income		**10,361**	10,361
Due from related parties		**4,332**	2,222
Total non-current assets		**17,296,905**	16,712,399
CURRENT ASSETS			
Inventories		**3,734,581**	3,181,177
Trade and bills receivables	10	**4,789,030**	3,808,957
Contract assets		**145,456**	154,449
Prepayments, other receivables and other assets		**791,281**	735,800
Financial assets at fair value through profit or loss		**270,985**	564,505
Due from related parties		**1,184,234**	1,383,895
Restricted cash		**2,099,886**	1,100,130
Cash and cash equivalents		**8,370,717**	8,379,470
Total current assets		**21,386,170**	19,308,383
CURRENT LIABILITIES			
Trade and bills payables	11	**10,491,137**	7,252,393
Other payables and accruals		**4,446,780**	4,835,893
Contract liabilities		**126,693**	127,330
Interest-bearing bank and other borrowings		**3,341,429**	2,590,930
Lease liabilities		**14,492**	13,137
Deferred government grants		**42,559**	73,851
Due to related parties		**80,576**	79,307
Provisions		**85,911**	72,206
Total current liabilities		**18,629,577**	15,045,047

	Notes	**30 June 2024 (Unaudited)** *RMB'000*	31 December 2023 (Audited) *RMB'000*
NET CURRENT ASSETS		**2,756,593**	4,263,336
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,053,498**	20,975,735
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**6,527,079**	7,036,910
Lease liabilities		**22,412**	23,582
Deferred government grants		**2,064,389**	1,965,098
Provisions		**441,515**	371,698
Due to related parties		**39,020**	36,000
Total non-current liabilities		**9,094,415**	9,433,288
Net assets		**10,959,083**	11,542,447
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,276,874**	2,276,874
Reserves		**8,666,320**	9,034,445
		10,943,194	11,311,319
Non-controlling interests		**15,889**	231,128
Total equity		**10,959,083**	11,542,447

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. CORPORATE INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is the sale of EV battery products, ESS battery products, wastes, battery components, and research and development services. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

4. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers	**7,592,003**	6,592,230
Revenue from other sources		
Gross rental income from operating leases:		
Other lease income, including fixed income	**4,662**	2,564
Total	**7,596,665**	6,594,794

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers		
Sales of EV battery products-as specified by the industries of the customers	**2,858,421**	1,247,794
Sales of ESS battery products-as specified by the industries of the customers	**3,207,787**	4,320,526
Sales of battery components	**1,297,342**	832,737
Sales of wastes	**193,182**	165,218
Research and development services	**15,717**	12,316
Others	**19,554**	13,639
Total	**7,592,003**	6,592,230
Timing of revenue recognition		
Goods transferred at a point in time	**7,576,286**	6,579,914
Services satisfied at a point in time	**15,717**	12,316
Total	**7,592,003**	6,592,230

Other income and gains

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income and gains		
Government grants related to		
– Assets	**19,764**	8,745
– Income	**11,931**	1,967
Interest income	**120,753**	67,166
Additional VAT deduction	**86,651**	–
Foreign exchange gains, net	**29,400**	2,397
Changes in fair value		
– Financial assets at fair value through profit or loss	**2,468**	–
Others	**9,622**	5,715
Total	**280,589**	85,990

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of inventories sold and cost of service	**6,168,749**	5,551,990
Provision for impairment of trade receivables and contract assets, net	**103,649**	249,102
(Reversal of)/provision for impairment of inventories	**(131,764)**	264,692
Foreign exchange gains, net	**(29,400)**	(2,397)

6. INCOME TAX

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

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

The Company was renewed as a High and New Technology Enterprise in 2023, and therefore, the Company was entitled to a preferential CIT rate of 15% (six months ended 30 June 2023: 15%). This qualification is subject to review by the relevant tax authority in the PRC every three years.

REPT Qingchuang was qualified as High and New Technology Enterprises in 2021 and is entitled to a preferential tax rate of 15% from 2021 to 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years. As of 30 June 2024, REPT Qingchuang is currently in the process of renewal of the qualification. The management believes that a preferential tax rate of 15% remains applicable for REPT Qingchuang for the six months ended 30 June 2024.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current income tax	**32**	1,628
Deferred	**–**	–
Total tax charge for the period	**32**	1,628

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

The basic loss per share is calculated based on the loss attributable to the owners of the parent and the weighted average number of ordinary shares of 2,276,874,000 (six months ended 30 June 2023: 2,160,804,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months period ended 30 June 2024 and 2023.

The calculations of basic and diluted loss per share is based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(442,973)**	(710,215)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**2,276,874,000**	2,160,804,000

8. DIVIDENDS

The directors did not declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2024 and 31 December 2023, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB3,566,544,000 and RMB3,736,054,000, respectively, were pledged to secure certain interest-bearing bank and other borrowings of the Group.

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB1,211,727,000 (30 June 2023: RMB3,584,404,000).

Assets (other than those classified as held for sale) with a net book value of RMB2,201,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB92,000), resulting in a net loss on disposal of RMB859,000 (30 June 2023: RMB92,000).

10. TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**3,399,336**	2,587,256
Bills receivable	**1,821,293**	1,571,650
Impairment	**(431,599)**	(349,949)
Net carrying amount	**4,789,030**	3,808,957
Denominated in RMB	**4,306,622**	3,769,765
Denominated in USD	**481,552**	35,718
Denominated in EUR	**856**	3,474
Total	**4,789,030**	3,808,957

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

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

As at 30 June 2024, certain of the bills receivables with a net carrying amount of RMB617,404,000 (31 December 2023: RMB726,233,000) were pledged to secure certain of interest-bearing bank borrowings of the Group.

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**2,461,687**	1,789,016
3 to 6 months	**95,818**	166,005
6 to 12 months	**227,065**	82,619
1 to 2 years	**183,167**	199,667
Total	**2,967,737**	2,237,307

11. TRADE AND BILLS PAYABLES

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**10,484,890**	7,251,201
1 to 2 years	**6,247**	1,192
Total	**10,491,137**	7,252,393

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

EV Battery Market

In the first half of 2024, with the increasing public concerns over environmental protection and government support, the new energy vehicles ("**NEVs**") industry in China has maintained a rapid growth. With the introduction of the "dual-carbon" goals, NEVs has become a key approach to achieving carbon neutrality. The Chinese government has increased the investment in charging infrastructure, ensuring the convenience of recharging NEVs. In addition, the implementation of the "new infrastructure" policy played a crucial role in the development of NEVs. The combined effects of these factors led to an expanding market share of NEVs and accelerated technological innovation, which has made an important contribution to the promotion of green mobility and the transformation of the energy structure.

According to China Association of Automobile Manufacturers, in the first half of 2024, the production and sales volume of NEVs in China were 4,929 thousand units and 4,944 thousand units respectively, representing a year-on-year increase of 30.1% and 32% and achieving a market share of 35.2%. In addition, according to the China Passenger Cars Association, the sales of plug-in hybrid electric vehicles (PHEVs) increased significantly from January to May 2024, representing a year-on-year increase of 70.1%, with sales of plug-in hybrid SUVs and sedans increasing by approximately 80%. Furthermore, according to ChinaTruck.Org, a total of 27,714 units of new energy heavy-duty trucks were sold in the first half of 2024 in China, representing a year-on-year increase of 141%. According to China Automotive Battery Innovation Alliance, in the first half of 2024, the cumulative installed capacity of EV batteries in China was 203.3GWh, representing a year-on-year increase of 33.7%. In particular, the cumulative installed capacity of ternary batteries and LFP batteries were 62.3GWh and 141.0GWh, accounting for 30.6% and 69.3% of the total installed capacity, respectively. The continuous growth in sales volume of NEVs has driven the expanding demand for EV batteries.

In overseas market, despite slower growth rates of NEVs markets in Europe and the United States, the global NEVs market has maintained a stable growth. According to Canalys, a market research institution, the global sales volume of NEVs is expected to reach 17.5 million units in 2024, representing a year-on-year increase of 27%. In addition, according to SNE Research, the global usage of EV batteries in the first half of 2024 was 364.6GWh, representing a year-on-year increase of 22.3%.

According to European Automobile Manufacturers' Association, in the first half of 2024, the sales volume of new energy passenger vehicles in 31 European countries was 1,442,000 units in total, representing a year-on-year increase of 1.6% and a penetration rate of 21.0%. According to Cox Automotive, in the first half of 2024, the NEVs sales volume in the United

States was 599,372 units in total, representing a year-on-year increase of 7.3%. In addition, countries in Southeast Asia, such as Thailand and Indonesia, have introduced policies to support the development of the NEVs industry. For example, the Thai government aims for EV sales of 225,000 units by 2025, and ultimately the 100% vehicle electrification by 2035.

Energy Storage Market

In the first half of 2024, driven by the global acceleration in the transition to clean energy and the development of energy storage system technologies, the global demand for energy storage continued to grow significantly. According to InfoLink, the global shipments of ESS battery cells reached 114.5GWh in the first half of 2024 representing a year-on-year increase of 33.6%, with shipments of large-scale energy storage (including industrial and commercial use) amounting to 101.9GWh, and shipments of small energy storage (including communication use) amounting to 12.6GWh. The installed capacity of energy storage on the grid-side in U.S. market experienced a significant increase. Industrial and commercial demand for energy storage in Europe also maintained stable growth. Benefiting from favorable natural conditions, demand for energy storage products is on the rise in emerging markets such as the Middle East and Southeast Asia.

China's energy storage market maintained steady growth in the first half of 2024. According to data from GGII, the year-on-year growth rate of electrical energy storage reached 43%, and the market share increased to 89%. Meanwhile, according to the Electrical Energy Storage Alliance (EESA), in the first half of 2024, China's grid-connected projects reached 486, the number of user-side projects exceeded 280, and the installed capacity of energy storage projects has reached 69% of the annual installed capacity in 2023. In addition, the installed capacity of wind power and photovoltaic system also maintained a rapid growth in China. According to National Energy Administration of China, the installed capacity of wind power and photovoltaic system increased by 128.3GW in the first half of 2024, representing a year-on-year increase of 26.5%.

BUSINESS REVIEW

Principal Business

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

As a high-quality new energy technology enterprise, we adhere to the technology- and innovation-driven development strategy and follow the market trend. With WenDing ("問頂") technology as our cornerstone and cost-efficiency as the main theme, we contribute to the globalization process of new energy vehicle technologies in China, the development of the global new energy power industry and green mobility. We expand application scenarios for new energy storage to promote the widespread adoption of clean energy around the world, facilitating a green and sustainable future.

Main Products

The Group's main products consist of EV battery products, ESS battery products and battery components.

Business Achievements

As of 30 June 2024, the total assets of the Group amounted to RMB38,683.1 million, representing a year-on-year increase of approximately 7.4%, and the net assets of the Group amounted to RMB10,959.1 million, representing a year-on-year decrease of approximately 5.1%. During the six months ended 30 June 2024, the Group achieved a revenue of RMB7,596.7 million, representing a year-on-year increase of approximately 15%. During the six months ended 30 June 2024, the sales volume of the Group's lithium battery products was 16.18GWh in total, representing a year-on-year increase of 108%. In particular, the shipment volume of ESS batteries was 8.60GWh, representing a year-on-year increase of approximately 45%. The shipment volume of EV batteries was 7.58GWh, representing a year-on-year increase of approximately 316%. The battery modules sales amounted to RMB1,297.3 million, representing a year-on-year increase of approximately 55.8%. As of 30 June 2024, the Wenzhou Facility was profitable.

In the first half of 2024, the Group's operating performance was steadily improved with a sustained growth in the EV battery and ESS battery markets. According to public information of InfoLink Consulting, the Group ranked third globally in terms of global shipments of ESS battery cells and ranked second globally in terms of shipments of small storage cells during the six months ended 30 June 2024. According to the statistics of China Automotive Battery Innovation Alliance, during the six months ended 30 June 2024, the Group ranked sixth in terms of installed capacity among domestic LFP EV battery manufacturers, sixth in terms of installed capacity on plug-in hybrid electric vehicles and seventh in terms of installed capacity on new energy commercial vehicles. Data released by the Power Battery Application Branch showed that the Group ranks fifth in terms of the installed capacity on new energy heavy-duty truck in China during the six months ended 30 June 2024, representing a significant growth as compared with the corresponding period in 2023.

In the field of passenger vehicle business, in addition to maintaining and deepening existing customer relationships, the Group has been actively seeking to expand and secure new customers to achieve business growth and growing market share through strategic market positioning and customized solutions. In the first half of 2024, the Group acquired new designated cooperation for more than 13 automobile models with several domestic automakers such as SAIC-Passenger Automobile (上汽乘用車), Dongfeng Nissan (東風日產), SAIC-GM-Wuling (上汽通用五菱), FAW (一汽奔騰) and SAIC MAXUS (上汽大通) as well as for models under development of a renowned European automaker. The Group has also built in-depth cooperation with most domestic automakers for technology co-creation and product co-production, which has accelerated the advancement of new energy EV battery technologies and delivered competitive battery cells or battery system products to the market, providing customers with sustainable solutions covering BEVs, PHEVs, EREVs and other new energy power applications. The Group has been delivering bulk orders for Stellantis, Smart, Volvo and a U.S. electric vehicle manufacturer, with which the cooperation are expected to be further expanded. While expanding its global presence, the Group has effectively enhanced its brand value and contributed to the upgrade of global green mobility.

In emerging business fields such as commercial vehicles, special vehicles and construction machinery, the Group has achieved full coverage of mainstream products in the market, and our products have been adapted to be compatible with light commercial vehicles, medium- and heavy-duty trucks, heavy-duty trucks, mining trucks, construction machinery, special purpose vehicles and passenger buses and all other vehicle types and have been delivered in bulk. By seizing the development opportunities in the emerging business, the Group has realized the second growth curve of the sales business. The Group has established in-depth cooperation with SANY (三一集團), XCMG Group (徐工集團), Yutong Bus (宇通客車), Farizon Auto (吉利商用車), Dongfeng CV (東風商用車), SHACMAN (陝汽), SINOTRUK (中國重汽), Xiamen King Long (廈門金龍), CRRC (中國中車), ZOOMLION (中聯重科), Liugong Machinery (柳工機械), EP Equipment (中力叉車) and Linde Forklift (林德叉車), etc. In the first half of 2024, the collaborations for 44 new vehicle models were announced. Based on its precise research and judgment on the iterative trend of heavy-duty truck battery technology and the accurate positioning of products, the Group made arrangement in advance on the new energy heavy-duty truck track and achieved the rapid increase in heavy-duty truck battery shipments and market share, securing a leading position in the shipment volume of new energy heavy-duty trucks.

In the field of energy storage business, as a leading player in the industry, the Group has provided customized high-quality ESS products and solutions for a number of large-scale projects worldwide. With WenDing ("問頂") technology empowering our full product matrix, which extensively covered various ESS application scenarios, such as power, transportation and industry, etc., the Group provides customers with comprehensive solutions from ESS battery cells to ESS systems and gained widespread recognition for innovative advantages in high energy efficiency, high safety and long service life, further demonstrating its expertise and industry-leading product capability in ESS field. In the first half of 2024, the Group entered into a procurement framework agreement with Powin and also won the bidding for annual procurement projects for ESS battery cells of central and state-owned enterprises such as Guoneng I&C (國能信控) and PetroChina. In recognition of our excellent product quality, innovative solutions and professional customer service team, the Group was included in the BNEF Energy Storage Tier 1 List and has won various awards, including "Excellence Quality Award of the Year" by Sungrow, the 2024 "BJX Cup" Energy Storage Influential Battery Supplier and the "Cutting-edge Contribution Award" issued by Midea Industrial Technology Core Suppliers.

Technological and R&D Achievements

As a result of our long-term dedication in R&D, we have conducted a broad portfolio of key technologies research that are used in our products. Leveraging these advanced technologies and our innovative R&D capabilities, together with our limit-pushing manufacturing capabilities, supply chain management capabilities and experienced and dedicated leadership team, we are able to develop and produce products that meet our customers' requirements. Notably, we have achieved large-scale mass production of our WenDing ("問頂") batteries, effectively reducing manufacturing costs. We will continue to increase the production capacity of WenDing ("問頂") batteries. We are committed to continuously improving R&D capabilities for our technologies, so as to ensure the competitive advantages of our products in various application fields. Our key technologies and R&D achievements also improve the core performance of our products.

EV Battery Products

- Further enhancing mass energy density. We develop and produce products with high energy density. We achieved mass energy density of 180–200Wh/kg for our mass-produced LFP battery cells and 200–230Wh/kg for our prototype battery cells. We achieved mass energy density of 245–260Wh/kg for our mass-produced ternary lithium battery cells and more than 300–320Wh/kg for our prototype high nickel lithium battery cells. Through material modification and cell design improvements, the mass energy density of lithium manganese-iron phosphate composite battery cells can achieve 205–240Wh/kg. This not only enhances the energy density but also improves fast charging and low-temperature performance.

- Further enhancing volumetric energy density. Our unique WenDing ("問頂") technology can effectively improve the space utilization of the cell, increase the height of the cathode pole piece by optimizing the internal space of the cell, simplify the coating process, and reduce the production cost. Our green and detachable CTP technology further improves the space utilization of the battery pack by optimizing the design of the cell and module structures, realizing the de-structuring of the battery pack, thereby effectively improves the integration rate of the battery pack. Our products can reach a volumetric energy density of up to 450Wh/L for LFP battery products, and up to 650Wh/L for ternary battery products. Based on the above-mentioned structural innovations, the optimization of electrochemical system was prioritized in the first half of 2024, which led to the further increase of volumetric energy density of LFP battery cells to 460Wh/L.

- Fast charging. Through double-layer coating technology and ultra-fast conducting ionic material surface coating technology, our fast charging technology comprehensively improves the low-temperature charging performance and fast-charging performance of battery cells. Mass produced products can realize 10–15 minute fast charging and products on development can realize 9–12 minute fast charging. In the first half of 2024, 5C fast-charging LFP battery cells were sent for sample testing, whose performance indicators have met related fast charging requirements of electric vehicle customers and have been accepted for trial adoption by several customers. Meanwhile, we also made phased progress in the R&D of the fast charging system within 8–10 minutes for ternary lithium battery.

- High-power technology. By integrating WenDing ("問頂") battery cells with microscopic solid-liquid interface technology, we have improved the power performance without compromising the energy density of the battery cells. The peak discharge rate reaches 10C and fast charging can be completed within 20 minutes. In light of customer needs, we launched series of PHEV battery cell products with width of 148/194/220Ah and have acquired designated cooperation for several renowned domestic and overseas automakers.

- High-safety battery cell technology. We have developed a new generation of semi-solid-state batteries with high nickel and high silicon-carbon systems. Such battery cells feature a mass energy density of 300Wh/kg and significantly improved safety performance as compared with pure liquid battery cells, and have been sent for sample testing to major domestic and overseas automakers.

Commercial EV and ESS Battery Products

- Electrical energy storage and industrial and commercial energy storage battery cells. Based on the original 280Ah cell size, we have developed the 314/320Ah cell products. Through WenDing ("問頂") technology, the internal space utilization rate is increased by 4% and the internal impedance is reduced by more than 10%. Meanwhile, through the "double-high" solid-liquid interface design, we have developed the battery cells with a high mass energy density of 180Wh/kg, high energy efficiency of 95% (0.5P), long life (more than 9,000 cycles) and high-safety, which have been delivered in batches to major domestic and overseas customers. We have also developed a higher capacity 345Ah battery cell for the long-duration energy storage market, which further increases the mass energy density to 185Wh/kg, energy efficiency to over 96% (0.25P), and cycle life to over 10,000 times, meeting the requirements of a calendar life of over 25 years. In addition, in response to the market demand for 1P products, we have upgraded and developed 314Ah-1P product, with an industry-leading 1P energy efficiency and cycle life indicators.

- EV battery cells for commercial vehicles. 228Ah battery cells adopt low-attenuation pre-lithiation technology and microscopic solid-liquid interface technology to greatly improve the cycle life, enabling our products featuring "zero attenuation for 1,000 cycles and long life for 10,000 cycles", which is fully adapted to the long cycle needs of the commercial vehicle. Designed life of products has been increased to 15–20 years. The stability and reliability of the 324Ah battery cells have been improved for poor working conditions such as in mining trucks. With the support of double-high solid-liquid interface technology, it realizes a long life of over 6,000~8,000 cycles, high energy density of 190Wh/kg, and long durability and high safety. In particular, the 324Ah commercial energy storage shared battery system has been delivered in batches to meet the market demand of various application scenarios, such as battery swapping and other commercial energy storage electrification.

- Household ESS battery cells. Through optimization and innovations in electrode structure design and electrolyte, the 72/100Ah battery cells possess an energy density of over 165Wh/kg and a life cycle of over 6,000 times, which can meet the needs of products that can be used for more than 10 years. Meanwhile, the battery cells support fast charging at temperatures as low as minus 10°C, offering more options for applications in extremely cold areas.

Systems Products

- Integrated fast charging EV batteries system

  In terms of high integration, we have self-developed our CTP (Cell-to-Pack) system based on extruded aluminum alloy on the basis of the original double-row large module battery pack solution and have it applied in a number of designated mass production projects. The battery system has an industry-leading energy density integration efficiency of 80%. Meanwhile, we have mastered the roll-formed ultra high strength steel CTP technology through self-development, which has increased the structural performance of the battery system by over 10% and has been recommended to customers in the acquisition of subsequent projects. In addition, we have mastered the die-cutting sampling wire harness solution and the integrated solution technology of BMS (Battery Management System) busbar and sampling wire harness, and applied them to designated projects, reducing the cost of a single package by more than 2% compared with traditional solutions.

In terms of fast charging capability of the battery system, we have developed various thermal management system solutions to fully exploit the fast charging capabilities of our battery cells. In addition to the integrated bottom liquid cooling plate solution that has already been mass-produced and applied, we have completed the development of the dual-sided and triple-sided liquid cooling solutions, ensuring that the battery system supports fast charging within 10–15 minutes.

- Direct-current ESS

  Based on the self-developed WenDing (“問頂”) 314/320Ah and 345Ah cells, we launched the 5.11MWh and 5.51MWh ESS in the first half of the year. Adopting a standard 20-inch container, these ESS are not only fully upgraded as compared with the previous generation of 3.72MWh ESS, but also reach the highest volumetric energy density in the industry currently. In addition, the system also supports a four-parallel arrangement and incorporated a series of advanced technologies such as parallel cooling channel design, cell valve open detection, internal gas pressure detection of module, modular fire protection system, minimalist structure design, installation and maintenance with coolant inside, external short circuit detection automatically, and connect and disconnect with load for rack level batteries, which have greatly enhanced the system’s service life, improved structural, electrical and thermal safety and reduced space and maintenance costs.

FUTURE PROSPECTS

Technology and Product Innovation

Strong R&D capabilities are the key to our success. We have R&D centers in Shanghai, Wenzhou and Jiashan, and a new R&D building in Jiashan which is under construction and expected to be put into operation in the second half of 2024. We had 1,876 R&D personnel involved in R&D functions as of 30 June 2024.

As of 30 June 2024, the Group had 2,245 granted patents, including 189 invention patents, 2,000 utility model patents and 56 design patents. As of 30 June 2024, the Group had 219 registered trademarks. 451 patents were granted during the six months ended 30 June 2024, including 83 invention patents, 363 utility model patents and 5 design patents.

All such invention patents were related to lithium-ion battery manufacturing and innovation, covering areas including lithium-ion battery materials and structures, system integration, battery management system, production technologies and equipment and battery recycling. We have a series of technologies with advantages in terms of battery materials, battery design and battery structure, production technique and equipment, which helped us build up a product portfolio that is able to achieve safety, reliability, long driving range and strong performance, while improving production efficiency. We have the following R&D highlights:

- WenDing ("問頂") technology. Facing the coming era of commercial and industrial battery cells and ESS, we plan to develop the next-generation ESS battery cells with a high capacity of 500~600Ah+ through WenDing ("問頂") technology to effectively improve the integration efficiency of battery cells and reduce costs. The newly upgraded 6~7MWh battery energy storage containers further provide customers with an all-round ESS products that have three major advantages: economic benefits, safety performance, and cycle life. In the EV batteries field, WenDing ("問頂") technology is also applicable to LFP battery products as well as ternary lithium battery products, which enables a driving range of LFP batteries to exceed 700km. In terms of ternary batteries, with WenDing ("問頂") technology, the driving range of medium-nickel ternary batteries could exceed 1,000km while ensuring high safety and long life, and a possible 1,200km for high-nickel ternary EV batteries.

- Semi-solid prismatic batteries. We plan to enhance the fast charging performance of semi-solid battery cells to meet the current demand in the market. Based on the above product directions, we are also actively developing the next generation battery cells with higher energy density, including multi-electron reaction system cells and batteries for low altitude flying vehicles.

- Solid-state battery. We are currently conducting research on the all-solid-state battery electrolyte materials, solid-state electrolyte reaction interface performance and solid-state battery production process. The purpose of developing all-solid-state batteries is to achieve a balance of safety and energy density.

- Lithium manganese-iron phosphate battery system. We have started the development and production of lithium manganese-iron phosphate batteries. Due to the characteristics of high voltage and abundant supply of manganese, lithium manganese-iron phosphate batteries can achieve higher energy density, lower cost per Wh and better performance in low temperature environment compared to LFP batteries, and have better safety performance compared to ternary batteries.

- Recycling technologies. We plan to continue R&D on recycling technologies such as EV battery residual energy testing and secondary use solutions and processes to maximize the cost-effectiveness of EV batteries and improve the safety, stability and cycle life of recycled products. We also aim to reduce the costs of battery restructuring application, qualification testing and production through recycling technologies. On 17 January 2024, we obtained the qualification for echelon use of wasted EV batteries of NEVs.

Synergy Advantages in the Industry Chain

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

On 26 March 2024, the Company entered into the Supplemental Agreement of the Product Sales Framework Agreement with Tsingshan Group, its Controlling Shareholder, which had been approved by the 2023 annual general meeting of the Company. As the industrial parks under construction and in operation by Tsingshan Group and its associates in China and abroad have further transformed into green energy supply and green power transportation mode, constructing an integrated solution around photovoltaic power generation and green power transportation, etc., so as to promote the eco-friendly development of the mining industry and to reduce the transportation cost, the Company, in addition to supplying ESS battery products to Tsingshan Group and/or its associates, supplies EV battery products for the use of engineering transportation equipment such as electric heavy-duty trucks of Tsingshan Group and/or its associates from 2024 to 2026. For details, please refer to the circular of the Company dated 26 March 2024.

Globalization Strategy

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

Following the establishment of a German subsidiary in 2023, the Company has established another U.S. subsidiary in the first half of 2024, responsible for sales in the American markets. In the meantime, the Company has also set up a Southeast Asian subsidiary to work on the preliminary research and preparation of the manufacturing facilities in Southeast Asia.

OPERATING RESULTS AND ANALYSIS

The table below is extracted from the Group's interim condensed consolidated statement of profit or loss and other comprehensive income, which presents the absolute amount and as a percentage of the Group's total revenue for the periods indicated, together with year-on-year changes (expressed in percentage) from the six months ended 30 June 2023 to the six months ended 30 June 2024.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Six months ended 30 June				Year-on-Year Change
	2024		2023		
	(in RMB thousands, except for percentages)				
	(Unaudited)				
Revenue	**7,596,665**	**100.0%**	6,594,794	100.0%	**15.2%**
Cost of sales	**(7,324,299)**	**(96.4)%**	(6,327,560)	(95.9)%	**15.8%**
Gross profit	**272,366**	**3.6%**	267,234	4.1%	**1.9%**
Other income and gains	**280,589**	**3.7%**	85,990	1.3%	**226.3%**
Selling and distribution expenses	**(224,285)**	**(3.0)%**	(157,715)	(2.4)%	**42.2%**
Administrative expenses	**(300,737)**	**(4.0)%**	(239,655)	(3.6)%	**25.5%**
Research and development expenses	**(406,280)**	**(5.3)%**	(505,246)	(7.7)%	**(19.6)%**
Impairment losses on financial and contract assets, net	**(103,649)**	**(1.4)%**	(249,102)	(3.8)%	**(58.4)%**
Other expenses	**(990)**	**(0.0)%**	(5,817)	(0.1)%	**(83.0)%**
Finance costs	**(170,413)**	**(2.2)%**	(113,114)	(1.7)%	**50.7%**
Share of profits and losses of:					
Joint ventures	**(2,873)**	**(0.0)%**	(681)	(0.0)%	**321.9%**
An associate	**(1,908)**	**(0.0)%**	–	–	**N/A**
Loss before tax	**(658,180)**	**(8.7)%**	(918,106)	(13.9)%	**(28.3)%**
Income tax expenses	**(32)**	**(0.0)%**	(1,628)	(0.0)%	**(98.0)%**
Loss for the period	**(658,212)**	**(8.7)%**	(919,734)	(13.9)%	**(28.4)%**
Attributable to:					
Owners of the parent	**(442,973)**	**(5.8)%**	(710,215)	(10.8)%	**(37.6)%**
Non-controlling interests	**(215,239)**	**(2.8)%**	(209,519)	(3.2)%	**2.7%**
	(658,212)	**(8.7)%**	(919,734)	(13.9)%	**(28.4)%**

	Six months ended 30 June				Year-on-Year Change
	2024		2023		
	(in RMB thousands, except for percentages)				
	(Unaudited)				
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	**(18)**	**(0.0)%**	–	–	**N/A**
Total comprehensive loss for the period	**(658,230)**	**(8.7)%**	(919,734)	(13.9)%	**(28.4)%**
Attributable to:					
Owners of the parent	**(442,991)**	**(5.8)%**	(710,215)	(10.8)%	**(37.6)%**
Non-controlling interests	**(215,239)**	**(2.8)%**	(209,519)	(3.2)%	**2.7%**
	(658,230)	**(8.7)%**	(919,734)	(13.9)%	**(28.4)%**
Loss per share attributable to ordinary equity holders of the parent					
Basic and diluted					
－For loss for the period *(RMB)*	**(0.19)**		(0.33)		**(42.4)%**

Revenue

The Group's revenue increased by 15.2% from RMB6,594.8 million for the six months ended 30 June 2023 to RMB7,596.7 million for the six months ended 30 June 2024, primarily due to the steady growth of the sales volume of EV and ESS battery products.

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

	Six months ended 30 June				**Year-on-Year Change**
	2024		2023		
	(in RMB thousands, except for percentages) **(Unaudited)**				
EV battery products	**2,858,421**	**37.6%**	1,247,794	18.9%	**129.1%**
ESS battery products	**3,207,787**	**42.2%**	4,320,526	65.5%	**(25.8)%**
Other businesses					
Sales of wastes	**193,182**	**2.5%**	165,218	2.5%	**16.9%**
R&D services	**15,717**	**0.2%**	12,316	0.2%	**27.6%**
Others	**1,321,558**	**17.4%**	848,940	12.9%	**55.7%**
Subtotal	**1,530,457**	**20.1%**	1,026,474	15.6%	**49.1%**
Total	**7,596,665**	**100.0%**	6,594,794	100.0%	**15.2%**

Sales volume of both EV batteries and ESS batteries of the Group for the six months ended 30 June 2024 exceeded that of the six months ended 30 June 2023. In particular, the installed capacity of EV batteries and shipments of ESS batteries were 7.58GWh and 8.60GWh, representing a year-on-year increase of 316.5% and 44.5%, respectively. However, due to the decrease in prices of raw materials, the selling prices of the Group's battery products dropped accordingly. The Group's revenue from sales of EV battery products increased by 129.1% from RMB1,247.8 million for the six months ended 30 June 2023 to RMB2,858.4 million for the six months ended 30 June 2024, and revenue from sales of ESS battery products decreased by 25.8% from RMB4,320.5 million for the six months ended 30 June 2023 to RMB3,207.8 million for the six months ended 30 June 2024.

The Group's revenue from other businesses increased by 49.1% from RMB1,026.5 million for the six months ended 30 June 2023 to RMB1,530.5 million for the six months ended 30 June 2024, primarily due to the increasing sales volume of the Group's battery components as they obtained customer recognition.

Cost of Sales

The Group's cost of sales increased by 15.8% from RMB6,327.6 million for the six months ended 30 June 2023 to RMB7,324.3 million for the six months ended 30 June 2024, primarily due to increased sales of battery products.

Gross Profit and Gross Profit Margin

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

	Six months ended 30 June				Year-on-Year Change
	2024		2023		
	Gross Profit/ (Loss)	**Gross Profit Margin**	Gross Profit/ (Loss)	Gross Profit Margin	
	(in RMB thousands, except for percentages) **(Unaudited)**				
EV battery products	**30,986**	**1.1%**	(32,083)	(2.6)%	**196.6%**
ESS battery products	**101,709**	**3.2%**	280,129	6.5%	**(63.7)%**
Other businesses	**139,671**	**9.2%**	19,188	1.9%	**627.9%**
Total	**272,366**	**3.6%**	267,234	4.1%	**1.9%**

As a result of the expansion of sales scale, the Group's gross profit increased by 1.9% from RMB267.2 million for the six months ended 30 June 2023 to RMB272.4 million for the six months ended 30 June 2024 and its gross profit margin decreased from 4.1% for the six months ended 30 June 2023 to 3.6% for the six months ended 30 June 2024.

Specifically, the Group recorded a gross profit of RMB31.0 million for EV batteries for the six months ended 30 June 2024, as compared to a gross loss of RMB32.1 million for the six months ended 30 June 2023, which was mainly because the scale effect appears in line with the increased orders of EV batteries. The gross profit of ESS battery products decreased by 63.7% from RMB280.1 million for the six months ended 30 June 2023 to RMB101.7 million for the six months ended 30 June 2024, and its gross profit margin decreased from 6.5% for the six months ended 30 June 2023 to 3.2% for the six months ended 30 June 2024, primarily due to the intensified competition in the energy storage market.

The gross profit of other businesses increased by 627.9% from RMB19.2 million for the six months ended 30 June 2023 to RMB139.7 million for the six months ended 30 June 2024, and its gross profit margin increased from 1.9% for the six months ended 30 June 2023 to 9.2% for the six months ended 30 June 2024, mainly due to the economies of scale brought by the expanded production volume of battery components.

Other Income and Gains

Other income and gains increased by 226.3% from RMB86.0 million for the six months ended 30 June 2023 to RMB280.6 million for the six months ended 30 June 2024, primarily due to an increase in interest income and additional deduction for VAT.

Selling and Distribution Expenses

Selling and distribution expenses increased by 42.2% from RMB157.7 million for the six months ended 30 June 2023 to RMB224.3 million for the six months ended 30 June 2024, primarily due to (i) the expansion of the Company's sales team, and (ii) an increase in the number of global exhibitions attended by the Company.

Administrative Expenses

Administrative expenses increased by 25.5% from RMB239.7 million for the six months ended 30 June 2023 to RMB300.7 million for the six months ended 30 June 2024, primarily due to the expansion of the Company's management team along with the continuous increase of the scale of the Company.

Research and Development Expenses

Research and development expenses decreased by 19.6% from RMB505.2 million for the six months ended 30 June 2023 to RMB406.3 million for the six months ended 30 June 2024, mainly because (i) less production lines were put into operation in the first half of 2024 as compared with the first half of 2023, and (ii) expenses on R&D materials decreased in the first half of 2024 as compared with the first half of 2023 due to lower raw material prices.

Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets, net decreased by 58.4% from RMB249.1 million for the six months ended 30 June 2023 to RMB103.6 million for the six months ended 30 June 2024, primarily due to the decrease in the provision for impairment losses of trade receivables the Group recorded based on the expected credit losses of trade receivables under both collective and individual approach.

Other Expenses

Other expenses decreased by 83.0% from RMB5.8 million for the six months ended 30 June 2023 to RMB1.0 million for the six months ended 30 June 2024.

Finance Costs

Finance costs increased by 50.7% from RMB113.1 million for the six months ended 30 June 2023 to RMB170.4 million for the six months ended 30 June 2024, primarily due to an increase in interest-bearing bank borrowings to finance the construction of our production facilities and daily operation.

Income Tax Expenses

Income tax expenses decreased by 98.0% from RMB1.6 million for the six months ended 30 June 2023 to RMB32,000 for the six months ended 30 June 2024, primarily due to the payment of tax on the asset-related government grants received in respect of a production facility of the Group in accordance with the law in the first half of 2023.

Loss for the Period

As a result of the foregoing, the Group's loss for the period decreased by 28.4% from RMB919.7 million for the six months ended 30 June 2023 to RMB658.2 million for the six months ended 30 June 2024.

Liquidity and Capital Resources

During the six months ended 30 June 2024, the Group financed its operations primarily through banking facilities, equity fund raised, cash generated from operating activities, and net proceeds from the global offering of the Company in December 2023 (the "**Global Offering**"). The Group monitors its bank balances on a daily basis and conducts monthly reviews of its cash flows. We also prepare a monthly cash flow plan and forecast, which is submitted for approval by our Chief Financial Officer, to ensure that we are able to maintain an optimum level of liquidity and meet our working capital needs.

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

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

Cash and Cash Equivalents

As of 30 June 2024, the Group had cash and cash equivalents of RMB8,370.7 million, which primarily consisted of cash and unrestricted bank balances and time deposits, as compared with RMB8,379.5 million as of 31 December 2023. The Group's cash and cash equivalents are denominated in Renminbi.

Bank and Other Borrowings

As of 30 June 2024, the Group's interest-bearing bank and other borrowings were approximately RMB9,868.5 million, as compared with RMB9,627.8 million as of 31 December 2023. The Group's bank and other borrowings are denominated in Renminbi.

Net Proceeds from the Global Offering

For net proceeds from the Global Offering, please refer to "Use of Proceeds from the Global Offering" of this announcement.

Capital Structure

As at 30 June 2024, the Group had net assets of RMB10,959.1 million, comprising current assets of RMB21,386.2 million, non-current assets of RMB17,296.9 million, current liabilities of RMB18,629.6 million and non-current liabilities of RMB9,094.4 million.

Cash Flows

The Group's net cash flows generated from operating activities was RMB1,258.9 million for the six months ended 30 June 2024, as compared with the net cash flows generated from operating activities of RMB453.5 million for the six months ended 30 June 2023. The Group's net cash flows used in investing activities was RMB1,242.1 million for the six months ended 30 June 2024, as compared with the net cash flows used in investing activities of RMB3,902.8 million for the six months ended 30 June 2023. The Group's net cash flows used in financing activities was RMB32.8 million for the six months ended 30 June 2024, as compared with the net cash flows generated from financing activities of RMB2,570.2 million for the six months ended 30 June 2023.

Interest Rate Risk and Exchange Rate Risk

The Group's exposure to the risk of changes in fair value relates primarily to its floating rate bank borrowings. During the six months ended 30 June 2024, we have not used any derivatives to hedge interest rate risk.

The Group's exposure to the foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position. During the six months ended 30 June 2024, we also engaged in foreign exchange hedging activities by entering into forward foreign exchange contracts and other methods to address our exposure to foreign currency risk.

Capital Expenditure and Commitments

For the six months ended 30 June 2024, the capital expenditures incurred by the Group was approximately RMB1,650.6 million, primarily relating to purchases of property, plant and equipment and purchases of right-of-use assets and other intangible assets.

For the six months ended 30 June 2024, the capital commitments of the Company was RMB3,237.1 million, which were related to the construction of plants that had been contracted but not yet paid for.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the six months ended 30 June 2024, the Group did not have any material acquisitions and disposals of subsidiaries or associated companies.

Pledge of the Group's Assets

As at 30 June 2024, the total pledged assets of the Group amounted to approximately RMB3,736.1 million, representing an increase of RMB169.51 million as compared with those as at 31 December 2023.

Future Plans for Material Investments or Capital Assets

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

Contingent Liabilities

As at 30 June 2024, we did not have any contingent liabilities.

Subsequent Events

The Group has no material subsequent events after 30 June 2024 as of the date of this announcement.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of maintaining and promoting sound corporate governance. The principles of the Company's corporate governance are to promote effective internal control measures, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to the Company and its shareholders (the "**Shareholders**"). The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

Save as disclosed below, the Board is of the view that the Company has complied with the applicable code provisions set out in Part 2 of the CG Code during the six months ended 30 June 2024.

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

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

The Company has developed the Management System for Directors, Supervisors, Senior Management, and Employees to Hold and Trade the Company's Shares (the "**Company Code**") for securities transactions by the Directors, Supervisors, Senior Management and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Following specific enquiry by the Company, all Directors and supervisors have confirmed they have complied with the Company Code and, therefore, with the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2024, neither the Group nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including the sale of treasury shares) of the Company. As at 30 June 2024, the Group did not hold any treasury shares.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 18 December 2023 and the net proceeds raised from the Global Offering were approximately HK$2,013.1 million. The proceeds from the Global Offering are and will continue to be utilized in accordance with the plans disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus, namely:

Item	**Approximate % of the total net proceeds**	**Available net proceeds raised from the Global Offering**	**Unutilized net amount as at 31 December 2023**	**Actual net amount utilized during the six months ended 30 June 2024**	**Unutilized net amount as at 30 June 2024**	**Expected timeline for the balance of net proceeds raised**
	%	*(in HK$ millions)*	*(in HK$ millions)*	*(in HK$ millions)*	*(in HK$ millions)*	
For the expansion of our production capacity	80.0%	1,610.5	1,610.5	424.4	1,186.1	31 December 2024
For the R&D of core technologies for advanced lithium-ion batteries, advanced materials and optimized manufacturing processes	10.0%	201.3	201.3	0.8	200.5	31 December 2025
For the working capital and general corporate purpose	10.0%	201.3	201.3	110.0	91.3	31 December 2024
Total	100.0%	2,013.1	2,013.1	535.2	1,477.9	

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and has confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has also discussed auditing and financial reporting matters. The auditor of the Company has not reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the HKEXnews website of the Hong Kong Exchanges and Clearing Limited at **www.hkexnews.hk** and on the website of the Company at **www.chinarept.com**. The 2024 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course (if applicable) and will be published on the websites of the Company and the HKEXnews.

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

Hong Kong, 23 August 2024

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