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This announcement is for information purposes only and does not constitute an invitation or a solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an exemption from applicable registration requirements. There will be no public offering of securities in the United States. None of the Bonds (as defined below) will be offered to the public in Hong Kong.

This announcement is not for distribution, directly or indirectly, in or into the United States.

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors:** The Issuer and the Guarantor (as defined below) confirm that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR

Contemporary Ruiding Development Limited

(incorporated in the British Virgin Islands with limited liability)

(the "**Issuer**")

US$500,000,000 1.50% Guaranteed Bonds due 2026
(Stock Code: 40833)
(the "**Bonds**")

unconditionally and irrevocably guaranteed by

Contemporary Amperex Technology Co., Limited
(寧德時代新能源科技股份有限公司)
(incorporated in the People's Republic of China with limited liability and listed on the Shenzhen Stock Exchange under stock code 300750.SZ)
(the "**Guarantor**")

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **BofA Securities** **ICBC International**

Joint Bookrunners and Joint Lead Managers

Barclays **BNP Paribas** **China CITIC Bank International** **China Minsheng Banking Corp., Ltd., Hong Kong Branch**

Citigroup **CMB International**

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 2 September 2021 (the "**Offering Circular**") appended herein in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, 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 circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

By order of the Board
Contemporary Ruiding Development Limited
Zheng Shu
Director

Hong Kong, 10 September 2021

As at the date of this announcement, the sole director of Contemporary Ruiding Development Limited is Mr. Zheng Shu.

As at the date of this announcement, the directors of Contemporary Amperex Technology Co., Limited comprise:

Directors:
Mr. Zeng Yuqun *(Chairman)*
Mr. Li Ping *(Vice Chairman)*
Mr. Huang Shilin *(Vice Chairman)*
Mr. Pan Jian *(Vice Chairman)*
Mr. Zhou Jia
Mr. Wang Hongbo

Independent non-executive directors:
Mr. Xue Zuyun
Mr. Hong Bo
Ms. Cai Xiuling

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the "offering circular") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your representation: You have accessed the attached offering circular on the basis that you have confirmed your representation that (1) you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission and agree to the terms set forth herein; (2) (i) you are outside the United States and, to the extent you purchase the securities described in the attached offering circular, you will be doing so pursuant to Regulation S under the Securities Act, and (ii) the e-mail address to which the attached offering circular has been delivered is not located in the United States (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and (3) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic conditions with respect to your decision to subscribe for or purchase any securities.

You are reminded that the offering circular has been delivered to you on the basis that you are a person into whose possession the offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver, circulate, forward or distribute the offering circular to any other person.

The materials relating to the offering of securities to which the offering circular relates do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer (as defined in the offering circular), The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch (Asia Pacific) Limited, ICBC International Securities Limited, Barclays Bank PLC, BNP Paribas, China CITIC Bank International Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Citigroup Global Markets Limited and CMB International Capital Limited (the "**Joint Lead Managers**"), The Hongkong and Shanghai Banking Corporation Limited as trustee, or, The Hongkong and Shanghai Banking Corporation Limited, as principal paying agent and transfer agent in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

Restrictions: The offering circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the offering circular.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

You are reminded that the offering circular has been delivered to you on the basis that you are a "professional investor" as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or, if you are outside Hong Kong, you are a person into whose possession the offering circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located. You may not, nor are you authorized to, deliver or disclose the contents of the offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

The offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers, the Trustee, the Agents, or any of their affiliates, directors, officers, employees, representatives, agents advisers or any person who controls of each of them accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version.

If you have gained access to this electronic transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described herein.

Actions that You May Not Take: If you receive the offering circular by e-mail, you should not reply by e-mail to the offering circular, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL

CONTEMPORARY RUIDING DEVELOPMENT LIMITED
时代瑞鼎发展有限公司

(incorporated in the British Virgin Islands with limited liability)

US$500,000,000 1.50% Guaranteed Bonds due 2026
Issue Price: 99.445%
unconditionally and irrevocably guaranteed by

CATL

CONTEMPORARY AMPEREX TECHNOLOGY CO., LIMITED
寧德時代新能源科技股份有限公司

(incorporated in the People's Republic of China with limited liability)
(Stock Code: 300750.SZ)

The U.S.$500,000,000 1.50 per cent. guaranteed bonds due 2026 (the "**Bonds**") will be issued by Contemporary Ruiding Development Limited (时代瑞鼎发展有限公司) (the "**Issuer**") and are in registered form in the denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Bonds will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) (the "**Company**" or the "**Guarantor**"). The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The Guarantor is incorporated in the People's Republic of China with limited liability.

The Bonds will bear interest on their outstanding principal amount from the Issue Date at the rate of 1.50% per annum. Interest on the Bonds will be payable semi-annually in arrear on 9 March and 9 September in each year, commencing with the first Interest Payment Date (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions of the Bonds**")) falling on 9 March 2022. Unless previously redeemed or purchased and cancelled, the Bonds will mature on 9 September 2026 at their principal amount.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds), unsecured obligations of the Issuer which will at all times rank *pari passu* and without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

The Guarantor will enter into a deed of guarantee in respect of the Bonds (the "**Deed of Guarantee**") on or about the Issue Date with The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**") as trustee of the Bonds on or around the Issue Date. The Guarantor will submit for registration or cause to be submitted for registration with the Ningde Branch (or other relevant branch) of the State Administration of Foreign Exchange ("**SAFE**") the Deed of Guarantee within 15 PRC Business Days (as defined in the Terms and Conditions of the Bonds) after the execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor will use its best endeavors to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (as defined in the Terms and Conditions of the Bonds) and comply with all applicable PRC laws and regulations in relation to the Guarantee. The obligations of the Guarantor under the Deed of Guarantee constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Guarantor and shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC (each as defined herein) or in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, to the extent described in the "*Terms and Conditions of the Bonds – Taxation*".

The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued up to, but excluding, the date of redemption, at the option of the Issuer at any time as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), as further described in "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*". The Issuer may, at any time on or after 9 August 2026 redeem the Bonds, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Bonds redeemed plus any accrued but unpaid interest, if any, to the redemption date, see "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the Option of the Issuer*". Upon the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the holder of the Bonds will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds at a redemption price equal to 101% of their principal amount (in the case of a redemption for a Change of Control Triggering Event (as defined in the Terms and Conditions of the Bonds)) or at 100% of their principal amount (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions of the Bonds)), in each case together with interest accrued up to, but excluding, the date of redemption. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Professional Investors**") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Company or the Group (as defined hereinafter) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 24 for a description of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Bonds and the Guarantee and the distribution of this Offering Circular, see "*Subscription and Sale*".

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) promulgated by the National Development and Reform Commission of the PRC (the "**NDRC**") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC dated 11 August 2021 evidencing such registration. Pursuant to the registration certificate, the Issuer intends to provide the requisite information on the issuance of the Bonds to the NDRC within 10 PRC Business Days after the Issue Date.

The Bonds will be represented by beneficial interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Bonds represented by the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds are expected to be rated "Baa1" by Moody's Investors Services, Inc. ("**Moody's**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Guarantor is rated "BBB+" by Fitch Inc., "Baa1" by Moody's and "BBB+" by Standard & Poor's Rating Services ("**S&P**").

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **BofA Securities** **ICBC International**

Joint Bookrunners and Joint Lead Managers

Barclays **BNP Paribas** **China CITIC Bank International** **China Minsheng Banking Corp., Ltd., Hong Kong Branch**

Citigroup **CMB International**

Offering Circular dated 2 September 2021

NOTICE TO INVESTORS

Each of the Issuer and the Guarantor, having made all reasonable enquiries, accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms that, to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Guarantor's subsidiaries taken as a whole (collectively, the "**Group**"), the Bonds and the Guarantee which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws and the information which, according to the particular nature of the Issuer, the Guarantor, the Group, the Bonds and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor, the Group and of the rights attaching to the Bonds and the Guarantee), (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee are in all material respects true and accurate and not misleading, (iii) the opinions and intentions with regard to the Issuer, the Guarantor and the Group expressed in this Offering Circular are honestly and reasonably held, having been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts relating to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee the omission of which would, in the context of the issue and offering of the Bonds and the giving of the Guarantee, make any statement, opinion or intention in this Offering Circular, in light of the circumstances under which they were made, misleading, (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements, (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (vii) the statistical, industry and market-related data included in this Offering Circular is based on or derived from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Joint Lead Managers (named in the section entitled "*Subscription and Sale*" in this Offering Circular), the Trustee or the Agents (as defined in the Terms and Conditions of the Bonds) (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, the Guarantor giving the Guarantee and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and re-sales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

No person has been or is authorized in connection with the issue, offer or sale of the Bonds to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Bonds or the Guarantee other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group, or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) to subscribe for or purchase, any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. Each offeree of the Bonds, by accepting delivery of this Offering Circular, agrees to the foregoing.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them). The Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Guarantor, the Group, the Guarantee or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group for so long as the Bonds remain outstanding nor to advise any investor or potential investor of the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her adviser.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILIZATION MANAGER (THE "STABILIZATION MANAGER(S)"), OR ANY PERSON ACTING ON BEHALF OF THE STABILIZATION MANAGER(S), MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Singapore SFA Product Classification – *In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "****SFA****") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "****CMP Regulations 2018****"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the Group and the terms of the offering of the Bonds, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds. The Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) are not making any representation to any purchaser of Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them), and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarizes certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

For the purposes of this Offering Circular, any references to a regulation or directive of the European Union as it applies to the United Kingdom shall be interpreted to include such regulation or directive as retained in the United Kingdom by the European Union Withdrawal Act 2018 as such retained regulation or directive may be amended, supplemented or replaced from time to time.

PRESENTATION OF FINANCIAL INFORMATION

The Guarantor

The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2020 included in this Offering Circular have been extracted from the Guarantor's 2019 annual report and 2020 annual report. The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2020 have been prepared and presented in accordance with PRC GAAP and have been audited by Grant Thornton.

The unaudited interim consolidated financial statements as at and for the six months ended 30 June 2021 included in this Offering Circular have been extracted from the Guarantor's 2021 interim report. The unaudited interim consolidated financial statements as at and for the six months ended 30 June 2021 have been were prepared and presented in accordance with PRC GAAP and have been reviewed by Grant Thornton.

The unaudited but reviewed interim consolidated financial information has not been audited by the Guarantor's auditors. Consequently, such consolidated interim financial information may not provide the same quality of information associated with information that has been subject to an audit. Investors must exercise caution when using such data to evaluate the Guarantor's financial condition and results of operations. Such unaudited but reviewed interim consolidated financial information as at and for the six months ended 30 June 2021 should not be taken as an indication of the expected financial condition and results of operations of the Guarantor for the full financial year ending 31 December 2021.

PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Differences between PRC GAAP and IFRS*".

None of the Joint Lead Managers or any of their respective directors, officers, employees, agents, advisers, representatives and affiliates makes any representation or warranty, express or implied, regarding the accuracy of such financial statements or their sufficiency for an assessment of, and potential investors must exercise caution when using such data to evaluate the Guarantor's financial condition, results of operations and results.

The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2020 and the unaudited interim consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2021 were issued in Chinese only and English translations of such financial statements have been prepared and are included in this Offering Circular for reference only. None of the Joint Lead Managers or any of their respective directors, officers, employees, agents, advisers, representatives and affiliates have independently verified or checked their accuracy and can give no assurance that the information contained therein is accurate, truthful or complete.

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not be exactly equal to the total figure for that column.

MARKET AND INDUSTRY DATA

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, we, the Joint Lead Managers, the Trustee, or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them, have not independently verified the accuracy of the information. None of us, the Joint Lead Managers, the Trustee, or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

The statistics set forth in this Offering Circular relating to the PRC and the industries in which we operate were taken or derived from various government and private publications. Neither we, the Joint Lead Managers, the Trustee, or the Agents nor any of their respective directors, officers, employees, representatives, agents, advisers, affiliates or any person who controls any of them make any representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to potentially inconsistent collection methods and other factors, the statistics referred in this Offering Circular should not be unduly relied upon.

CERTAIN DEFINITIONS AND CONVENTIONS

Unless the context otherwise requires, references in this Offering Circular to "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC, "**U.S. dollars**", "**US$**" and "**USD**" are to the lawful currency of the United States of America, "**Hong Kong dollars**", "**HK$**" and "**HKD**" are to the lawful currency of Hong Kong, the "**PRC**" and "**China**" mean the People's Republic of China which for the purpose of this Offering Circular excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan, "**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC, and "**Macau**" means the Macau Special Administrative Region of the PRC.

In this Offering Circular, where information has been presented in thousands, millions, or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.4566 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2021. These translations should not be construed as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts at the rates indicated or at all. For further information relating to exchange rates, see "*Exchange Rate Information*".

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements". All statements other than statements of historical fact contained in this Offering Circular, including, and without limitation to, those regarding the Company's and the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Company or the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "will", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's or the Group's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's and the Group's present and future business strategies and the environment in which the Company or the Group will operate in the future. Important factors that could cause the Company's or the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- industry risks;
- general economic, political, social conditions and developments in China;
- the Group's business and operating strategies;
- the Group's capital expenditure plans;
- various business opportunities that the Group may pursue;
- the Group's operations and business prospects;
- the Group's financial condition and results of operations;
- fluctuation in price and availability of raw materials;
- availability and charges of bank loans and other forms of financing;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in currency exchange rates; and
- other factors beyond the Group's control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Offering Circular. The Issuer and the Company caution investors not to place undue reliance on these forward-looking statements which reflect their managements' views only as at the date of this Offering Circular. Neither the Issuer nor the Company undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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SUMMARY

This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Bonds. Prospective investors should read the entire Offering Circular, including the section entitled "Risk Factors" and the financial statements and related notes thereto, before making an investment decision.

OVERVIEW

We are one of the leading global suppliers of lithium-ion batteries for electric vehicles ("**EV batteries**") and energy storage systems. We focus on R&D, production and sales of EV batteries and energy storage systems and are committed to providing best-in-class solutions to various new energy applications across the world. We specialize in new energy application solutions, and have developed R&D and manufacturing capabilities in the full supply chain of power battery systems and energy storage systems for new energy vehicles, covering raw materials for batteries, battery cells, battery management systems, battery recycling and reuse, and lithium battery supplies. Leveraging our deep understanding of the Chinese and international markets and global resources, we offer tailor-made battery solutions to meet our clients' objectives. Through technological combination in software and hardware, and the important mechanism of self and external maintenance, our batteries achieve more cycles, longer life, better long-term performance and higher economic benefits. We have expanded end market applications for our power batteries in commercial application including road passenger transport, urban delivery, heavy-duty transport, urban street cleaning, construction machinery, vessel applications and special vehicle solutions.

Our sales volume of lithium-ion power batteries grew from 21.18 GWh for the year ended 31 December 2018 to 40.25 GWh for the year ended 31 December 2019 and has since reached 44.45 GWh for the year ended 31 December 2020. According to SNE Research, the EV battery installation of our power battery systems were 23.4 GWh, 32.5 GWh and 34.3 GWh for the years ended 31 December 2018, 2019 and 2020, respectively. We ranked first globally for three consecutive years amongst all EV battery brands, with a market share of 23%, 28% and 24%, respectively during the years 2018, 2019 and 2020. For the six months ended 30 June 2021, our power battery systems are distributed in 344 cities in 31 provinces in China and there are approximately 1.21 million passenger vehicles, freight cars, buses and coaches installed with our power battery systems in operation in China. Our power battery systems are suitable for extreme operating conditions including high temperature, severe cold, high humidity, high altitude, large temperature difference, mountainous regions, high-rainfall regions and megacities. From 2011 to 2020, our power battery systems have accumulated zero-accident safe mileage of approximately 127.0 billion kilometers.

Headquartered in Ningde City, Fujian Province, China, we have an established presence in the PRC and across different countries in the world with four R&D centers, six manufacturing bases, and subsidiaries in China and worldwide. In Europe, we have also established subsidiaries and deepened cooperation with Germany MEET National Laboratory. We have also committed to build our first overseas manufacturing base in Thüringen, Germany. This new manufacturing base is under construction. We expect this new manufacturing base to commence operation in 2022 and aim to achieve a capacity of 16 GWh annually. We acquired North American Lithium Inc. to lead the transformation and upgrade of upstream industry chains to lock in raw material costs. We set up subsidiaries in North America to penetrate into local markets and strengthen our ties with local automakers to offer a wider range of localized services.

The Group has developed partnerships with renowned automobile manufacturers in the PRC and internationally. We have maintained long-term strategic alliances with leading domestic mainstream automobile manufacturers for both passenger and commercial vehicles, such as Yutong Bus, SAIC, BAIC, Geely Group, Fujian Motor Industry Group (King Long brand), CRRC, Dongfeng Motor, Changan Auto and GWM. We are also one of the few domestic suppliers in China to have established global presence by providing integrated product solutions to global renowned automobile manufacturers such as BMW, Toyota, Daimler, Hyundai, Jaguar Land Rover, PSA and Volkswagen.

In February 2020, we entered into a framework agreement with Tesla, Inc. to supply lithium-ion power batteries and we became the first Chinese battery supplier to Tesla for LFP batteries and has continued to explore collaborations with Tesla in overseas markets. In June 2021, we further entered into another agreement with Tesla to deepen the cooperation.

In August 2020, we have entered into a strategic partnership with Mercedes-Benz to create new battery technology to support the electrification of the Mercedes-Benz model portfolio. Together with the construction of our new manufacturing base in Thüringen, Germany, we are developing a service system in Europe to offer Mercedes-Benz competitive products, as well as a smooth supply and further increasing localization in procurement and purchase of battery products from our manufacturing base in Thüringen, Germany. In May 2021, based upon our shared vision of CO2-neutral electrified trucking, we intensified our existing partnership with commercial vehicle manufacturer, Daimler Truck AG. We will supply lithium-ion battery packs for the Company's Mercedes-Benz eActros LongHaul battery-electric truck commencing 2024.

Apart from our EV power battery business, we have developed and diversified our business operations to include energy storage, battery recycling and lithium-ion battery material businesses. In April 2019, we entered into a cooperation agreement with Huawei, a China-based global provider of information, communications technology infrastructure and smart devices. We aim to facilitate further electrification and intelligent vehicle development through this partnership. In January 2020, we set up a joint venture company with State Grid Integrated Energy Service Group Co., Ltd. to focus on the development of energy storage systems for power grids. The system will maintain a smooth output of renewable energy sources with frequency regulation in power grids and base stations in providing uninterrupted power supply for industrial, commercial and residential uses. We also seek to enlarge our customer base by supplying energy storage systems to power grid companies and industrial companies, both domestically and internationally. Our partners in our energy storage business include China Energy Investment Corporation, China Southern Power Grid Company Limited, Luneng Group Co. Ltd., Next Energy Resources Co., Ltd., China Gas Company Ltd., China Energy Engineering Corporation and State Power Investment Corporation Limited, Fujian Yongfu Power Engineering Co., Ltd. and GLP China Holdings Limited.

We operate lithium-ion battery raw material recycling business in cooperation with Guangdong Brunp Recycling Technology Co., Ltd. ("**Guangdong Brunp**"). Used lithium-ion battery materials are collected to extract valuable metals for recycling via recycling technology. Guangdong Brunp is the largest lithium-ion battery recycling company and a high-end lithium-ion battery material company in China. It was included in the China MIIT White List in 2018, and is viewed as a benchmark company in the global battery recycling industry.

Through extensive cooperation with automobile OEMs, we have accumulated vast experience, built a professional development and service team, and have established protocols and systems to predict and respond to challenges. With a complete system for the development and production of automotive batteries, we are engaged in comprehensive R&D activities focusing on technology innovation for battery performance. We believe that given our advanced and comprehensive equipment development capability and well-rounded testing systems; we strive to provide the best quality and 100% product traceability of all elements of our products from raw materials to finished products. We were granted the lithium-ion battery cell testing qualification by Volkswagen Group in June 2021 which is a strong testament to our standards and capabilities.

We are devoted to R&D to drive improvement and innovation in technologies applied in our products. We have accumulated almost 10 years of technological reserve and will continue to invest in our R&D efforts. Our total expenditure on research and development for the three years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 amounted to RMB1.99 billion, RMB2.99 billion, RMB3.57 billion, RMB1.30 billion and RMB2.79 billion, respectively. As at 30 June 2021, we owned more than 7,229 granted patents and pending patents.

In February 2020, our innovation lab was established and it became one of the first provincial-level innovation labs in Fujian province. We have fostered partnerships with reputable research institutions and laboratories around the world. Our domestic partners include Chinese Academy of Sciences, Tsinghua University, China Automobile Technology & Research Center, Institute of Energy Storage Engineering of the Chemical Industry and Engineering Society of China. For international partnerships, we work closely with Germany MEET National Laboratory and RxFF Consulting, LLC. In October 2020, we established Shanghai Jiaotong University-CATL Joint Research Center for the development of clean energy technology.

As at 30 June 2021, the Company has built up a strong global research team of over 7,878 full-time R&D personnel, which accounted for 18.16% of total staff headcount. We recruit members of our R&D team from several renowned universities and laboratories world-wide. Members of our team include six individuals listed on the Fujian "Hundred Talents Program".

The Group was established in 2011 by our Chairman, Mr. Zeng Yuqun. Mr. Zeng and the other founder team members are also the founders of ATL, a leading producer and innovator of lithium-ion batteries incorporated in 1999 which was subsequently wholly acquired by TDK Corporation in 2005. Since then, we have achieved constant growth through continuous innovation and became one of the leading companies in the EV battery market. We can identify and respond to new trends and opportunities in the market expeditiously and eventually become one of the leading power battery manufactures. Through the Group's commitment to new energy innovation, we have developed cutting-edge technology which has contributed to the overall financial performance of the Group, and our technological expertise is a core competitive advantage. In June 2018, we were successfully listed on the Growth Enterprise Market (GEM) board of the Shenzhen Stock Exchange. With a market capitalization of RMB1,238.0 billion as at 25 August 2021, we are the company with the largest market capitalization listed on the GEM Board.

For the business segment of EV battery, we aim to achieve all-rounded deployment of our resources, expand applications of innovation, and enhance our overseas presence through further enhancing cooperation with major PV companies and to actively explore overseas markets and form joint ventures with major PV brands to meet mainstream PV clients' demand while developing high-performance and low-cost products. We will carry out joint development with logistics vehicle customers and continue to expand the scale of our cooperation.

For energy storage segment, we aim to achieve global distribution through development into key regions and markets. We have strategically developed long-life and cost-efficient battery technology to provide smart power grid storage solutions. By focusing on the massive wind and solar power energy storage market, we expect to become a pioneer in the rapidly-growing energy storage market in China and keep pace with global expansion to seize growth opportunities. From time to time, we will explore new business areas including car-battery separation, aftermarket maintenance and repairs to further consolidate our leading position in the industry.

We are committed to investing in R&D to improve battery performance. Technological innovation helps us to enhance competitiveness. Our technology of cell-to-pack ("**CTP**") batteries was unveiled which safely and efficiently manages the battery cells and allows battery cells to be directly integrated into packs mounted on an electric vehicle. We add over 70 core patents in relation to CTP technology. Applying the CTP technology, the mass-energy density can be increased by 10% to 15%

improving volume utilization efficiency by 15% to 20% and reducing the amount of parts needed for battery packs by 40%. A CTP battery can increase the system energy density from 180 Wh/kg to more than 200 Wh/kg. At the battery cell level, the energy density of our CTP batteries reached 240 Wh/kg in 2019. Our CTP batteries are 15% – 20% higher in space utilization with 40% lesser number of parts compared with other brands. Recently, we have developed the world's first NCM 811 batteries, which comprise 80% nickel, 10% cobalt and 10% manganese, providing a long lifespan and enabling electric vehicles to go with one single charge, enabling better performance of electric vehicles. In 2019, we achieved mass production and commercialization of the NCM 811 batteries. In early 2020, our development of the NCM 811 batteries achieving zero attenuation within 1,500 cycles creating a landmark long-life battery. Comparing battery performance with other leading brands in the market, our NCM 811 is 61% higher in battery pack energy density, 63% greater in capacity, and is able to support 83.5% longer mileage. Our super-fast charging technology also significantly shortens the charging time. Batteries can be charged to up to 80% state of charge in just 15 minutes. We also applied long life technology to lithium-ion batteries featuring low lithium consumption anode, passivated cathode, bionic self-repairing electrolyte, microstructural design in electrode sheet, adaptive management of expansive force and life compensation technology, such that the service life of our batteries can reach 16 years or 2 million kilometers. Our batteries are characterized with an overall safety concept from battery cell to battery pack level, including energy storage systems with high-voltage platforms and an outstanding life cycle as well as electrolytes of a high safety level and a multilayer design.

We have three principal business segments, power battery systems, energy storage systems and battery recycling and lithium battery materials. We have shown a proven track record of growing operating income in the years 2018, 2019 and 2020, our operating income was RMB29,611.27 million, RMB45,788.02 million, RMB50,319.49 million, respectively, representing an annual year-on-year increase of 54.63% and 9.90%, respectively. Our operating income for the six months ended 30 June 2020 and 2021 was RMB18,829.45 million and RMB44,074.56 million, respectively. The following table sets forth a breakdown of our operating revenue by business segment for the years ended 31 December 2018, 2019, and 2020 and the six months ended 30 June 2021:

	For the year ended 31 December						**For the six months ended 30 June**				
	2018		**2019**		**2020**		**2020**		**2021**		
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(US$' million)*	*(%)*
Power Battery Systems	24,515.43	82.8	38,583.53	84.3	39,425.82	78.4	13,477.52	71.6	30,450.87	4,716.24	69.1
Lithium Battery Materials and Battery Recycling	3,860.76	13.0	4,305.17	9.4	3,429.13	6.8	1,234.54	6.6	4,986.22	772.27	11.3
Energy Storage Systems	189.50	0.7	610.08	1.3	1,943.45	3.8	567.18	3.0	4,692.65	726.80	10.6
Others	1,045.58	3.5	2,289.24	5.0	5,521.09	11.0	3,550.21	18.8	3,944.82	610.97	9.0
Total	**29,611.27**	**100.0**	**45,788.02**	**100.0**	**50,319.49**	**100.0**	**18,829.45**	**100.0**	**44,074.56**	**6,826.28**	**100.0**

Competitive Strengths

We believe that the following competitive strengths have contributed to our success, distinguished us from our competitors and positioned us favorably to take advantage of future growth opportunities:

- Leading EV battery manufacturer globally with undisputed industry leadership in China and a fast growing international presence

- Strong beneficiary of the fast growing lithium battery market driven by long-term megatrends related to decarbonization, electrification and mobility

- Competitive world-class products backed by strong R&D capabilities, technological leadership and production expertise

- High entry barriers to industry from long-term and stable customer relationships

- Strong network of strategic partnerships in the battery value chain, giving the Group bargaining power and effective cost control

- Highly experienced management team with deep industry insights and keen judgement

- Strong financial flexibility from highly diversified sources of funding

STRATEGIES

We aim to become a world-class innovative technology company focusing on R&D, production and sale of power battery systems for new energy vehicles power battery systems and energy storage systems and providing excellent solutions to global new energy applications. The Group will continue to focus on our core power battery system business and will continue to strive further to capture any growth opportunities in the energy storage market to diversify our business by creating new business models.

We are determined to expand our business scale, improve our business performance, enhance our profitability, and strengthen our business through the implementation of the following key growth strategies:

- To enhance our core technologies by investing in R&D and accelerate the commercialization of technologies and product transformation

- To consolidate our market position and enhance our presence in domestic and international markets

- To develop a comprehensive and sustainable industrial chain

- To achieve and maintain high quality management and to strengthen quality control and standardize operations

- To utilize renewable energy generation and energy storage to replace stationary fossil energy

- To utilize EV batteries to replace mobile fossil fuel energy

- To utilize electrification and artificial intelligence to realize integrated innovation of market applications

- To develop innovation in four dimensions including material chemistry structure system, extreme manufacturing, structure system and business model

THE ISSUER

The Issuer, Contemporary Ruiding Development Limited (时代瑞鼎发展有限公司), is a BVI business company with limited liability incorporated on 24 June 2020 under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 2038555). The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The registered office of the Issuer is located at Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands.

RECENT DEVELOPMENT

COVID-19 Outbreak

In December 2019, the outbreak of Novel Coronavirus ("**COVID-19**"), a viral respiratory illness, was reported in China, Hong Kong and numerous other countries globally. Travel restrictions were imposed in relation to several cities in the PRC as well as in other countries in an effort to curb the spread of COVID-19. The COVID-19 outbreak poses potential risks to the Group's business, results of operations, financial condition and prospects. For more details, see "*Risk Factors – Risks Relating to the Industry – We face risks of health epidemics, other natural disasters and terrorist attacks, which could severely disrupt our business operations*" and "*Risk Factors – Risks Relating to the Industry – The COVID-19 pandemic has caused and is causing significant harm to the global economy and may adversely affect our business, including our production, operations and financial condition, and may cause our revenue and profits to decline*".

Since April 2020, China, along with several other countries, gradually lifted stay-at-home orders and began to resume work and economic activities As a result, our production, as well as the production of our supply chain and operations, has gradually recovered and our export orders have also resumed.

The outbreak of COVID-19 has had a limited impact on our raw material supply. The metals we use for lithium-ion batteries are sourced from various regions such as Australia, South America, Central Africa, as well as from our own natural resource reserves in China. The diversified origins of our material sources allows for a stable supply of raw materials.

Strategic cooperation with Guangdong provincial government and institutions

On 2 February 2021, the Zhaoqing Municipal Government, Guangdong Province Navigation Group, Guangzhou Public Transport Group Co., Ltd., and Guangzhou Environmental Protection Investment Group Co., Ltd. respectively signed framework agreements for strategic cooperation with the Company. Pursuant to this strategic cooperation, we will invest in Zhaoqing, Guangdong by building a lithium-ion battery production base. The designed capacity of this new production base is 25 GWh, with a total investment of RMB12 billion. We aim to achieve 150 GWh lithium-ion battery capacity and develop ancillary industries by the end of 2030 to boost the formation of a trillion-yuan-level industry cluster of the new energy industry.

Joint venture with Fujian Yongfu

In February 2021, we entered into an agreement with Fujian Yongfu Power Engineering Co., Ltd. to establish a new joint venture platform, CATL Yongfu New Energy Technology Co., Ltd.. This new joint venture will focus on the integrated smart energy industry and specialize in technological innovation and intelligent manufacturing to provide customers with world-leading, safe, reliable, and highly efficient new energy products and overall solutions.

Establishment of joint laboratory with the China Academy of Sciences

In February 2021, we and the Institute of Physics, China Academy of Sciences, an interdisciplinary and comprehensive research institute that focuses on the fundamental research of physics and applied fundamental research, have agreed to establish the Institute of Physics CAS-Contemporary Amperex Technology Co., Ltd. Clean Energy Joint Laboratory. The proposed joint laboratory will be built and put into operation in stages. According to preliminary planning, its construction and operation will be divided into three phases. The implementation period of initial phase is 3 years, and construction and operation of remaining phases re contingent upon the completion of the initial phase. To facilitate the proposed joint laboratory's development and to meet the new energy industry's needs, the proposed joint laboratory will recruit 5-10 outstanding post-doctoral research fellows from the PRC and abroad to embark on application research in energy material design and synthesis and equipment development, and work at the Institute of Physics CAS Huairou Park.

Strategic cooperation with State Power Investment Corporation Ltd.

On 11 March 2021, we entered into a strategic cooperation agreement with State Power Investment Corporation Ltd., pursuant to which the parties will integrate their respective advantages in the industry and strengthen cooperation in branding and marketing, technology and product development. The aim of the cooperation is to explore an efficient and profitable business cooperation model, and jointly improve sustainable development and innovation capability.

Strategic cooperation with China Molybdenum Co., Ltd.

On 10 April 2021, we entered into a strategic cooperation agreement with China Molybdenum Co., Ltd., pursuant to which the parties will develop comprehensive strategic cooperation in the field of new energy metal resources and the parties will invest and own Kisanfu copper-cobalt Mine in Democratic Republic of Congo.

Strategic cooperation with Great Wall Motor Company Ltd.

On 2 June 2021, we entered into a 10-year strategic cooperation agreement with Great Wall Motor Company Ltd., pursuant to which the parties will bring their respective professional advantages into play during their in-depth cooperation, to enhance the linkage between supply and demand and exploit the synergy for competitive advantage, so as to promote the development of new energy vehicle technologies to accelerate the drive towards carbon neutrality.

Strategic cooperation with China Energy Engineering Corporation Limited

On 15 June 2021, we entered into a strategic cooperation agreement with China Energy Engineering Corporation Limited, pursuant to which the parties will establish and develop scientific and technological R&D, cooperation in energy storage products and industrialization and strengthen cooperative partnership in energy storage projects, business development in key regional and international markets.

Official launch of operation of first phase of traction battery production project in Sichuan

On 17 June 2021, the first phase of the traction battery production project in Sichuan was officially put into operation. Since September 2019, we have signed contracts with the municipal government of Yibin for traction battery phase I to phase VI projects, with a total investment of more than RMB30 billion and an area of about 3,000 acres (about 1,214 hectares). Yibin has a great foundation for building a transportation network, which will greatly improve the logistics efficiency and help to deliver traction batteries from the Yibin production base to the vehicle production lines in Chengdu or Chongqing.

Strategic cooperation with The Hong Kong and China Gas Company Ltd.

On 6 July 2021, we entered into a strategic cooperation agreement with The Hong Kong and China Gas Company Ltd. ("**Towngas**"), pursuant to which the parties agreed to cooperate in the fields of Internet of Energy, energy storage solutions, energy storage business model innovation, battery technology cooperation, semiconductor chips and equity investment and others, to jointly promote the transformation of the industry towards zero-carbon emissions. Both parties will innovate and optimize energy storage system integration, operation and data analysis technologies based on their respective advantages, promote the sustainable development of clean energy, and jointly invest in the zero-carbon smart industrial parks of Towngas through various forms of capital cooperation, so as to promote the research and development of advanced energy storage technologies and large-scale application and contribute to the transformation of the energy structure of society.

Interim results for the six months ended 30 June 2021

The Group's total revenue amounted to RMB44.07 billion for the six months ended 30 June 2021, which has increased by approximately 134.07% as compared to that of the same period in 2020. Our net profit attributable to the shareholders amounted to approximately RMB4,483.79 million for the six months ended 30 June 2021, which has increased by 131.45% as compared to that of the same period in 2020. The increase in revenue and net profits is attributable to the increased demand of our products and the recovery after the global COVID-19 outbreak and intensified competition in the industry in 2020. See "*Risk Factors – Risks Relating to the Industry – We face risks of health epidemics, other natural disasters and terrorist attacks, which could severely disrupt our business operations*".

Proposed non-public issuance of shares by the Company

On 12 August 2021, the board of directors of the Company passed the resolution on the proposed non-public issuance of not more than 232,900,780 shares of RMB ordinary shares (A shares) of par value of RMB1.00 each with a total amount of gross proceeds of not more than RMB58,200 million to not more than 35 designated parties including financial institutions, securities companies, insurance companies, qualified foreign institutional investors and other domestic and international legal investors. The proposed non-public issuance was approved by the shareholders on 31 August 2021 and will be subject to the approval of the China Securities Regulatory Commission. The shares to be issued under the proposed non-public issuance will neither be transferrable nor saleable in the Shenzhen Stock Exchange in a 6-month locked-up period. The Company intends to use the proceeds for replenishing its working capital and financing certain projects on its production, construction and expansion of manufacturing bases as well as research and development.

THE OFFERING

The following summary contains some basic information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds" in this Offering Circular.

Issuer	Contemporary Ruiding Development Limited (时代瑞鼎发展有限公司).
Guarantor	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司).
The Bonds	US$500,000,000 1.50 per cent. guaranteed bonds due 2026.
The Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed for the Bonds. The Guarantor's obligations in respect of the Bonds and the Trust Deed are contained in the Deed of Guarantee for the Bonds.
Issue Price	99.445 per cent. of the principal amount of the Bonds.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and in integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.50 per cent. per annum, payable semi-annually in arrear in equal instalments on 9 March and 9 September in each year, commencing on 9 March 2022.
Issue Date	9 September 2021.
Maturity Date	9 September 2026.
Use of Proceeds	The net proceeds from the issue of the Bonds will be used for general corporate purposes. See "*Use of Proceeds*".

Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee for the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Bonds.
Events of Default	Upon the occurrence of certain events as described in Condition 9 of the Terms and Conditions of the Bonds, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued but unpaid interest.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 2 September 2021 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer is required to make any deduction or withholding by or within the British Virgin Islands, or (ii) the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer (or the Guarantor, as the case may be) shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be) in the circumstances as set out in "*Terms and Conditions of the Bonds – Taxation*".

Final Redemption . . . . Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 9 September 2026.

Redemption for Taxation Reasons . . . . The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders of the Bonds in accordance with Condition 16 of the Terms and Conditions of the Bonds (which notice shall be irrevocable), and in writing to the Trustee and the Principal Paying Agent, at their principal amount together with any interest accrued to but excluding the date fixed for redemption, in the event of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction, as further described in "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*".

Redemption for Relevant Events	At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control Triggering Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with any accrued interest up to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*".
Redemption at the Option of the Issuer	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders of the Bonds in accordance with Condition 16 of the Terms and Conditions of the Bonds (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount together with any interest accrued to but excluding the date fixed for redemption, at any time on or after 9 August 2026, as further described in "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the Option of the Issuer*".
Further Issues	The Issuer may from time to time without the consent of the Bondholders of the Bonds create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions (as defined in the Terms and Conditions of the Bonds), the making or submission of the Post-Issuance Filing (as defined in the Terms and Conditions of the Bonds) and the completion of the Cross-Border Security Registration (as defined in the Terms and Conditions of the Bonds)) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in the Terms and Conditions of the Bonds to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to Condition 15 of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds.
Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Principal Paying Agent, Registrar and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.

Clearing Systems	The Bonds will be represented by beneficial interests in a Global Certificate, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Bonds represented by the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.
Governing Law	The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.
Listing	Application will be made to the HKSE for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on 10 September 2021.
Selling Restrictions	The Bonds and the Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "Subscription and Sale".
ISIN	XS2369276014.
Common Code	236927601.
LEI	549300MSU00BINFBY870.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables set forth the selected consolidated financial information of the Guarantor as at the dates and for the periods indicated. The selected audited consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 set forth below is derived from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 which were prepared and presented in accordance with PRC GAAP and have been audited by Grant Thornton.

The unaudited but reviewed consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2020 and 2021 included in this Offering Circular have been extracted from the Guarantor's 2021 interim financial statements. The unaudited but reviewed consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2020 and 2021 have been prepared and presented in accordance with PRC GAAP and have been reviewed by Grant Thornton.

The unaudited but reviewed consolidated interim financial information has not been audited by the Guarantor's auditors. Consequently, such consolidated interim financial information may not provide the same quality of information associated with information that has been subject to an audit. Investors must exercise caution when using such data to evaluate the Guarantor's financial condition and results of operations. Such unaudited but reviewed consolidated interim financial information as at and for the six months ended 30 June 2021 should not be taken as an indication of the expected financial condition and results of operations of the Guarantor or the Group for the full financial year ending 31 December 2021.

Certain financial information of the Guarantor as at and for the year ended 31 December 2018 was reclassified in the Guarantor's consolidated financial statements as at and for the year ended 31 December 2019, as a result of the Circular on Revising and Issuing the Financial Statement Form of General Enterprise in 2019 (CK [2019] No. 6) issued by the MOF on 30 April 2019 and the Circular on Revising and Issuing the Consolidated Financial Statement Form (2019 Version) (CK [2019] No. 16), which amended the standard form of the general enterprise financial statements. Furthermore, in preparing the Guarantor's consolidated financial statements as at and for the year ended 31 December 2019, the Guarantor has adopted Enterprise Accounting Standards No. 22 – Recognition and Measurement of Financial Instruments, Enterprise Accounting Standards No. 23 – Transfer of Financial Assets, Enterprise Accounting Standards No. 24 – Hedging Accounting and Enterprise Accounting Standards No. 37 – Reporting of Financial Instruments, each with effect from 1 January 2019. For more information, please refer to note III of the Guarantor's consolidated financial statements as at and for the year ended 31 December 2019. In preparing the Guarantor's consolidated financial statements as at and for the year ended 31 December 2020, the Guarantor has adopted Enterprise Accounting Standards No. 14 – Revenue with effect from 1 January 2020 and reclassified certain items. For more information, please refer to note III of the Guarantor's consolidated interim financial statements as at and for the six months ended 30 December 2020. Please also refer to "Risk Factors – Risks Relating to the Group – The Group faces risks related to changes in accounting standards".

Accordingly, certain financial information of the Guarantor as at and for the year ended 31 December 2018 may not be directly comparable to that as at and for the year ended 31 December 2019 and certain financial information of the Guarantor as at and for the year ended 31 December 2019 may not be directly comparable to that as at and for the year ended 31 December 2020.

The Guarantor's audited financial statements were prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Differences between PRC GAAP and IFRS".

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant audited consolidated financial statements of the Guarantor and the notes thereto included elsewhere in this Offering Circular. The Guarantor's historical consolidated financial information should not be taken as an indication of its future financial performance.

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December			For the six months ended 30 June		
	2018	2019	2020	2020	2021	2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(US$'000)*
				(unaudited)	(unaudited)	(unaudited)
I. Operating income	29,611,265.43	45,788,020.64	50,319,487.70	18,829,453.13	44,074,560.63	6,826,280.18
Less: Operating costs	19,902,284.15	32,482,760.51	36,349,153.59	13,717,117.14	32,061,735.31	4,965,730.46
Taxes and surcharges	171,183.91	272,228.11	295,129.89	101,445.38	247,186.34	38,284.29
Selling expenses	1,378,868.43	2,156,553.54	2,216,709.53	792,140.09	1,593,220.86	246,758.49
Administrative expenses	1,590,659.57	1,832,673.93	1,768,115.24	809,663.59	1,425,297.19	220,750.42
Research and development expenses	1,991,000.38	2,992,107.52	3,569,377.69	1,298,453.45	2,793,753.77	432,697.36
Financial expense	(279,733.23)	(781,621.30)	(712,642.42)	(401,913.97)	(422,603.56)	(65,452.96)
Including: Interest expenses	204,435.33	289,254.47	640,434.32	256,688.05	452,359.07	70,061.50
Interest income	565,817.39	1,078,256.97	1,494,600.96	623,732.75	1,070,188.24	165,751.05
Add: Other income	507,775.22	646,371.59	1,135,940.39	661,224.81	641,625.77	99,375.18
Investment gains	184,397.53	(79,604.90)	(117,648.61)	(406,292.31)	117,184.25	18,149.53
Including: Gains from investments in associates and joint ventures	(4,264.01)	(11,899.57)	(4,027.33)	(88,395.18)	225,874.65	34,983.53
Gain from derecognition of financial assets at amortized cost	–	(100,357.22)	(91,456.14)	(36,918.73)	(140,130.05)	(21,703.38)
Gain from net exposure of hedge	–	–	–	–	–	–
Gain from changes in fair value	(314,247.52)	27,331.58	286,915.94	286,915.94	–	–
Credit impairment loss	–	(235,676.39)	(341,982.53)	(122,013.54)	(63,266.62)	(9,798.75)
Assets impairment loss	(974,912.15)	(1,434,329.16)	(827,489.42)	(338,341.63)	(754,103.84)	(116,795.81)
Gain from disposal of assets	(91,538.96)	1,382.20	(9,890.38)	–	(571.92)	(88.58)
II. Operating profit for loss	4,168,476.33	5,758,793.26	6,959,489.55	2,594,040.72	6,316,838.36	978,353.68
Add: Non-operating income	62,303.26	62,428.11	94,318.06	25,328.34	56,962.63	8,822.39
Less: Non-operating expenses	25,966.34	60,456.81	71,254.20	22,713.51	38,880.64	6,021.84
III. Total profit	4,204,813.25	5,760,764.56	6,982,553.41	2,596,655.55	6,334,920.35	981,154.22
Less: Income tax expenses	468,916.76	748,090.67	878,635.36	452,737.52	1,009,812.06	156,399.97
IV. Net profit	3,735,896.49	5,012,673.90	6,103,918.05	2,143,918.03	5,325,108.29	824,754.25
(I) Classified by continuity of operations						
Including: Net profit from continuing operations	3,735,896.49	5,012,673.90	6,103,918.05	2,143,918.03	5,325,108.29	824,754.25
Net profit from discontinued operation	–	–	–	–	–	–
(II) Classified by attribution to ownership						
Including: Net profit attributable to shareholders of the parent	3,387,035.21	4,560,307.43	5,583,338.71	1,937,281.09	4,483,787.56	694,450.26
Net profit attributable to minority interests	348,861.28	452,366.47	520,579.34	206,636.94	841,320.72	130,303.99
V. Other comprehensive income – after tax	(585,339.22)	957,658.85	505,828.70	42,364.31	824,254.44	127,660.76
Other comprehensive income – after tax attributable to owners of the parent	(585,339.22)	957,658.85	506,173.31	30,209.02	825,279.00	127,819.44

	For the year ended 31 December			For the six months ended 30 June		
	2018	2019	2020	2020	2021	2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(US$'000)*
				(unaudited)	(unaudited)	(unaudited)
(I) Other comprehensive income not reclassified into profit or loss subsequently ..	–	11,970.23	152,159.23	108,157.89	694,177.08	107,514.34
1. Changes in the fair value of other equity investment	–	11,970.23	152,159.23	108,157.89	669,883.26	103,751.70
2. Other comprehensive income that cannot be transferred in gains or losses under the equity method................	–	–	–	–	24,293.82	3,762.63
(II) Other comprehensive income that will be reclassified into profit or loss subsequently............	(585,339.22)	945,688.62	354,014.08	(77,948.87)	131,101.93	20,305.10
1. Gain or loss from changes in fair value of available-for-sale financial assets................	(479,991.46)	–	–	–	–	–
2. Gains or loss from effective portion of cash flow hedge ...	(114,273.40)	912,685.84	292,241.92	(83,413.03)	134,627.17	20,851.09
3. Translation difference of foreign currency financial statement.....................	8,925.64	33,002.78	61,772.16	5,464.16	(3,525.24)	(545.99)
Other comprehensive income – after tax attributable to minority interests	–	–	(344.61)	12,155.29	(1,024.56)	(158.68)
VI. Total comprehensive income.......................	3,150,557.27	5,970,332.75	6,609,746.75	2,186,282.34	6,149,362.73	952,415.00
Total comprehensive income attributable to owners of the parent.........................	2,801,695.99	5,517,966.29	6,089,512.02	1,967,490.11	5,309,066.57	822,269.70
Total comprehensive income attributable to minority interests......................	348,861.28	452,366.47	520,234.73	218,792.23	840,296.16	130,145.30
VII. Earnings per share						
(I) Basic earnings per share (RMB)/(US$)	1.6412	2.0937	2.4942	0.8833	1.9416	0.3007
(II) Diluted earnings per share (RMB)/(US$)	1.6407	2.0887	2.4848	0.8805	1.9337	0.2995

CONSOLIDATED BALANCE SHEET

	As at 31 December			As at 30 June	
	2018	2019	2020	2021	2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(US$'000)*
				(unaudited)	(unaudited)
Current assets:					
Cash and bank balances	27,731,189.74	32,269,635.33	68,424,116.05	74,686,697.28	11,567,496.40
Trading financial assets	–	1,389,585.59	3,288,071.51	2,214,851.73	343,036.85
Financial assets at fair value through profit or loss	–	–	–	–	–
Derivative financial assets	512,661.25	1,812,135.53	1,330,347.11	1,184,105.58	183,394.60
Notes receivable and accounts receivables	–	–	–	–	–
Including: Notes receivable	9,742,890.63	9,649,949.69	9,877,156.35	5,485,309.96	849,566.33
Accounts receivable	6,224,857.40	8,338,535.65	11,293,523.72	13,981,824.37	2,165,508.84
Prepayments	864,640.80	538,163.09	997,118.63	3,848,415.01	596,043.58
Other receivables	682,089.43	4,568,565.75	3,303,956.81	4,058,611.36	628,598.85
Including: Interest receivable	92,808.12	–	–	–	–
Dividend receivables	–	–	–	–	–
Inventories	7,076,101.85	11,480,549.88	13,224,640.95	24,165,705.81	3,742,791.22
Contract assets	–	–	75,269.02	77,075.92	11,937.54
Non-current assets due within one year	–	–	81,548.62	143,447.33	22,217.16
Other current assets	1,076,991.66	1,647,816.66	969,240.54	3,150,312.58	487,921.29
Total current assets	53,911,422.76	71,694,937.17	112,864,989.32	132,996,356.93	20,598,512.67
Non-current assets:					
Debts investment	–	–	–	–	–
Available-for-sale financial assets	1,516,521.10	–	–	–	–
Other debts investment	–	–	–	–	–
Held-to-maturity investments	–	–	–	–	–
Long-term receivables	–	–	372,156.59	463,424.81	71,775.36
Long-term equity investments	965,198.18	1,540,452.83	4,813,072.91	9,240,532.69	1,431,176.27
Other equity instruments investment	–	1,530,603.72	1,997,026.99	3,522,420.34	545,553.44
Other non-current financial assets	–	–	–	–	–
Investment properties	–	–	–	–	–
Fixed assets	11,574,665.76	17,417,348.59	19,621,648.44	25,132,132.44	3,892,471.65
Construction in progress	1,623,838.22	1,996,524.78	5,750,351.82	15,450,275.78	2,392,943.00
Productive biological assets	–	–	–	–	–
Oil and gas assets	–	–	–	–	–
Right-of-use assets	–	–	–	237,142.95	36,728.77
Intangible assets	1,346,171.14	2,302,317.21	2,517,935.73	3,395,293.15	525,863.95
Capitalised development expenditure					
Goodwill	100,419.27	147,951.89	147,951.89	329,506.90	51,034.12
Long-term deferred expenses	305,828.52	394,096.02	363,551.72	478,944.31	74,179.03
Deferred tax assets	1,240,737.74	2,079,210.53	3,167,109.95	3,890,656.23	602,585.92
Other non-current assets	1,298,901.34	2,248,533.97	5,002,631.59	12,646,811.29	1,958,741.64
Total non-current assets	19,972,281.26	29,657,039.54	43,753,437.62	74,787,140.89	11,583,053.14
TOTAL ASSETS	73,883,704.02	101,351,976.71	156,618,426.94	207,783,497.82	32,181,565.81
Current liabilities:					
Short-term loans	1,180,092.10	2,125,646.68	6,335,080.18	7,936,400.83	1,229,191.96
Trading financial liabilities	–	286,915.94	–	–	–
Financial liabilities at fair value through profit or loss	314,247.52	–	–	–	–
Notes payable and accounts payable	–	–	–	–	–
Notes payable	11,841,128.08	17,420,197.79	15,636,589.53	33,850,033.85	5,242,702.64
Accounts payable	7,057,075.08	10,692,137.50	15,634,844.31	25,670,496.06	3,975,853.55
Receipts in advance	4,994,400.87	6,161,443.24	–	–	–
Contract liabilities	–	–	6,875,227.80	10,758,865.17	1,666,336.02
Employee benefits payable	1,122,253.46	1,582,275.52	2,657,564.91	3,023,749.75	468,319.20
Taxes payable	722,536.56	962,984.57	1,321,059.09	1,454,565.48	225,283.50
Other payables	2,924,184.17	5,298,308.99	4,407,776.29	7,444,740.89	1,153,043.53
Including: Interest payable	19,842.85	–	–	–	–
Dividend payable	–	2,418.69	6,172.82	565,000.65	87,507.46
Liabilities held for sale	–	–	–	–	–
Non-current liabilities maturing within one year	929,024.03	1,077,468.50	1,349,038.70	1,493,766.16	231,354.92
Other current liabilities	–	–	760,009.00	1,057,174.57	163,735.49

	As at 31 December			As at 30 June	
	2018	**2019**	**2020**	**2021**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(US$'000)*
				(unaudited)	(unaudited)
Total current liabilities	31,084,941.87	45,607,378.73	54,977,189.80	92,689,792.74	14,355,820.83
Non-current liabilities:					
Long-term loans	3,490,767.82	4,980,563.18	6,068,163.25	8,701,599.25	1,347,706.11
Bonds payable	–	1,508,339.20	14,382,255.95	14,273,326.29	2,210,656.74
Lease liabilities	–	–	–	134,612.56	20,848.83
Long-term payables	943,414.52	873,618.58	1,193,938.63	1,150,000.00	178,112.32
Long-term employee benefits payable	–	–	–	–	–
Provisions	2,512,382.68	5,289,773.26	6,797,704.88	8,709,869.81	1,348,987.05
Deferred income	611,042.05	813,236.65	3,918,939.20	6,400,308.48	991,281.55
Deferred income tax liabilities	40,984.49	91,191.95	85,518.81	235,972.12	36,547.43
Other non-current liabilities	–	–	–	–	–
Total non-current liabilities	7,598,591.56	13,556,722.82	32,446,520.72	39,605,688.51	6,134,140.03
TOTAL LIABILITIES	38,683,533.43	59,164,101.55	87,423,710.52	132,295,481.25	20,489,960.85
Share capital	2,195,017.4	2,208,399.70	2,329,474.03	2,329,007.80	360,717.37
Capital reserve	21,372,918.71	21,630,448.58	41,662,151.60	41,446,874.26	6,419,303.39
Less: Treasury shares	793,701.06	1,074,894.79	710,020.55	693,512.30	107,411.38
Other comprehensive income	(336,839.21)	620,819.64	1,126,992.95	1,952,271.95	302,368.42
Special reserve	–	–	–	–	–
Surplus reserve	985,878.42	1,097,245.47	1,157,782.63	1,157,782.63	179,317.70
Undistributed profits	9,515,006.63	13,652,965.29	18,640,918.70	22,565,878.45	3,495,009.52
Total owner's equity attributable to the parent	32,938,280.90	38,134,983.89	64,207,299.37	68,758,302.80	10,649,305.02
Minority interests	2,261,889.70	4,052,891.26	4,987,417.05	6,729,713.77	1,042,299.94
TOTAL SHAREHOLDERS' EQUITY	35,200,170.59	42,187,875.16	69,194,716.42	75,488,016.57	11,691,604.96
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	73,883,704.02	101,351,976.71	156,618,426.94	207,783,497.82	32,181,565.81

DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

"**2025 Bonds**"	the U.S.$1,000,000,000 1.875 per cent. guaranteed bonds due 2025 issued by the Issuer on 17 September 2020
"**2030 Bonds**"	the U.S.$500,000,000 2.625 per cent. guaranteed bonds due 2030 issued by the Issuer on 17 September 2020
"**Board**" or "**Board of Directors**"	the board of directors of the Guarantor
"**Bondholder(s)**"	holder(s) of the Bond(s)
"**BAIC**"	BAIC Motor Corporation Limited (北京汽車股份有限公司), a car manufacturer based in Beijing, China. It is a subsidiary of Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司) under the Beijing Municipal Government
"**BVI**"	the British Virgin Islands
"**Changan Auto**"	Chang'an Automobile (Group) Co., Ltd. (重慶長安汽車股份有限公司) is a Chinese state-owned automobile manufacturer headquartered in Chongqing
"**China**" or "**PRC**"	the People's Republic of China, excluding, for the purpose of this Offering Circular, Hong Kong, Macau and Taiwan
"**CNAS**"	China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會)
"**CRRC**"	CRRC Corporation Limited (中國中車股份有限公司), a Chinese state-owned enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council
"**CSRC**"	the China Securities Regulatory Commission of the PRC (中國證券監督管理委員會)
"**Dongfeng Motor**"	Dongfeng Motor Corporation (東風汽車公司), a Chinese state-owned automobile manufacturer headquartered in Wuhan, Hubei, China
"**Director(s)**"	the director(s) of the Guarantor

"**Euro**" or "**EUR**"	the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty establishing the European Community (as amended or updated from time to time)
"**FAW**"	FAW Group Corporation (第一汽車集團), a Chinese state-owned automotive manufacturing company headquartered in Changchun, Jilin
"**Fitch**"	Fitch Inc.
"**GGII**"	Gaogong Industry Institute Co. Ltd. (高工產研諮詢有限公司), an industry research and consulting firm headquartered in Shenzhen, Guangdong Province, PRC which focuses on researching on strategic and emerging industries in China including lithium batteries, electric vehicles and new materials
"**GWh**"	Gigawatt hour
"**Geely Group**"	Zhejiang Geely Holding Group Co., Ltd. (浙江吉利控股集團有限公司), an automotive company headquartered in Hangzhou, Zhejiang province
"**GWM**".	Great Wall Motors Company Limited (長城汽車股份有限公司), an automobile-manufacturer headquartered in Baoding, Hebei province
"**Guarantor**"	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300750)
"**HK$**", "**HKD**" or "**HK dollars**"	Hong Kong dollars, the lawful currency of Hong Kong
"**Hong Kong**"	Hong Kong Special Administrative Region of the PRC
"**Hong Kong Stock Exchange**" or "**HKSE**"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**Honda**"	Honda Motor Co. Ltd., a company listed on the Tokyo Stock Exchange (Stock Code: 7267)
"**Issuer**"	Contemporary Ruiding Development Limited (时代瑞鼎发展有限公司), a BVI business company with limited liability incorporated in BVI, and an indirect wholly-owned subsidiary of the Guarantor
"**LFP**"	Lithium-iron-phosphate

"**Macau**"	the Macau Special Administrative Region of the PRC
"**MIIT**"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"**MOFCOM**"	The Ministry of Commerce of the PRC (中華人民共和國商務部)
"**MOF**"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"**Moody's**"	Moody's Investors Services, Inc.
"**OEM**"	original equipment manufacturer
"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**PRC GAAP**"	generally accepted accounting principles in the PRC
"**R&D**"	research and development
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of the PRC
"**Regulation S**"	Regulation S under Securities Act
"**S&P**"	Standard & Poor's Rating Services
"**SAFE**"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SAIC**"	Shanghai Automotive Industry Corporation (上海汽車集團股份有限公司), a Chinese state-owned automotive design and manufacturing company headquartered in Shanghai
"**SAT**"	State Administration of Taxation of the PRC (中國國家稅務總局)
"**Shenzhen Stock Exchange**"	the Shenzhen Stock Exchange (深圳證券交易所)
"**State Council**"	State Council of the PRC (中華人民共和國國務院)
"**Supervisor(s)**"	the supervisor(s) of the Guarantor
"**Supervisory Committee**"	the board of supervisors of the Guarantor
"**U.S.**" or "**United States**"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"**US$**", "**USD**" or "**U.S. dollars**"	United States dollars, the lawful currency of the U.S.
"**Securities Act**"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated
"**VAT**"	value added tax
"**Yutong Bus**"	Zhengzhou Yutong Bus Co., Ltd. (鄭州宇通客車股份有限公司)
"**Wh/kg**"	Watt-hour per kilogram

RISK FACTORS

Prospective purchasers of the Bonds should carefully consider the risk factors set forth below, as well as other information contained elsewhere in this Offering Circular. The risks described below are not the only ones that may affect the Issuer, the Guarantor, the Group, the Bonds or the Guarantee. Additional risks and uncertainties which the Issuer, the Guarantor or the Group is not aware of or that the Issuer, the Guarantor or the Group currently believes are immaterial may also adversely affect the Group's financial condition or results of operations. If any of the possible events described below occur, the Group's financial condition or results of operations could be materially and adversely affected. In such cases, the Issuer or the Guarantor may not be able to satisfy their respective obligations under the Bonds and the Guarantee (as the case may be) and investors could lose all or part of their investment.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Issuer's, the Guarantor's or the Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP

We are exposed to credit risk on our accounts receivables.

The Group's outstanding trade receivables are not generally covered by collateral or credit insurance. While the Group has procedures to monitor and limit exposure to credit risk on its trade and non-trade receivables, there can be no assurance that such procedures will effectively limit its credit risk and avoid losses, which could have an adverse effect on the Group's financial condition and operating results. The Group's customers may also face difficulties in borrowing or otherwise obtaining the relevant cash amount to support their own activities. If the Group or its customers are unable to borrow or otherwise obtain cash on favorable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected. Such risks may become more prominent in an economic slowdown or recession, which may result in an increase in delinquencies, foreclosures and losses. Our inability to collect payments from our clients in a timely and sufficient manner may adversely affect our liquidity, financial condition and results of operations.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the book value of the Group's accounts receivable was RMB6,224.86 million, RMB8,338.54 million, RMB11,293.52 million and RMB13,981.82 million, accounting for 8.43%, 8.23%, 7.21% and 6.73% of the total assets respectively. The accounts receivable constitute a relatively high level of total assets of the Group. The Group's main customers are large and medium-sized automobile manufacturing companies, and the transaction amounts are relatively large, resulting in a high balance of accounts receivable at the end of each period. Although the aging of accounts receivable is mainly within one year, due to the large amount of accounts receivable, if the Group fails to recover the accounts receivables in time, or if bad debts occur, this may have an adverse impact on our business.

We derive a majority of our revenue from our top five customers, and the loss of, or a significant reduction in, sales to any of these customers could adversely affect our business, financial condition and results of operations.

A majority of our revenue is derived from our top five customers. Our top five customers in the years ended 2018, 2019 and 2020 accounted for 42.34%, 41.88% and 29.70% of our total revenue for the respective periods.

Despite our long-term business relationships with our major customers through partnership frameworks or joint ventures which provide high visibility for future earnings, we cannot assure you that we are able to maintain our long-term collaboration with our business partners. The formation of our business and future expansion plans is based on our estimation of market and customer demands. However, the actual demands may fall short of our estimation due to changes in our customers' business models, strategies or financial condition, or changes in the domestic and international market conditions and economic development, among others. In addition, any adverse changes in our relationships or in the key commercial arrangements with our major customers, such as purchase price, could adversely affect our business, financial condition and results of operations.

If any of our top five customers or major customers significantly reduces its purchase volume or ceases to place orders with us, or if we misinterpret the market demands, we may not be able to identify new customers in a timely manner and conduct our sales on comparable terms, or seek alternative ways to make up for the decrease in sales which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our success depends on our customers' ability to successfully market and sell their products manufactured by our Company, and changes in the global social, political and economic landscape may materially affect our business.

Our revenue is generated from direct sales to corporate customers. Therefore, our business performance largely relies on our customers' ability to market and sell their end products. We cannot assure you that our customers will continue to strengthen their sales and marketing efforts, and will not make any adjustments to their sales and marketing strategies. Any such adjustments to their sales and marketing strategies may affect their sales, and may in turn, result in an adverse impact on our business.

The demands for our energy solutions are largely dependent on the local social, political and economic conditions in the countries in which our energy solutions devices are sold. If there is any material adverse change in the local social, political and economic conditions, including a change in local government policies, rules or regulations, riots, natural disasters or other acts of god, or sudden downturns in the economy or consumer demands, our business, financial condition and results of operations may be adversely affected.

We may not be successful in implementing our future business plans and strategies, and if we are unable to execute them effectively and efficiently, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We strive to achieve sustainable growth and further strengthen our competitiveness in the global new energy solution industry by implementing our business strategies. See "*Description of the Group – Our Business Strategies*" for details. Nonetheless, our business plans and strategies are based on assumptions of future events which may entail certain risks and are inherently subject to uncertainties. These assumptions may not be correct, which could affect the commercial viability of our business plans and strategies. As such, there can be no assurance that our business plans and strategies will be implemented successfully as scheduled or at all.

For example, in response to increasing demands, we plan to seek opportunities to build additional manufacturing bases, such as our new projects in Sichuan Yibin and Fujian Cheliwan, as well as our first overseas manufacturing base in Thüringen, Germany, and we may undertake further expansion plans based on our future business needs. However, the success of our future expansion plans depends on a number of factors that are beyond our control, such as the construction progress of third-party constructors, changes in local laws, regulations and government policies, the availability of low-cost skilled labor, and changes in consumer demands. In addition, the integration of new facilities into our existing operation may be subject to unforeseeable delays, which may, among other effects, increase our operation costs, strain our production capacity, cause delays in delivery of customer orders and decrease our production efficiency. Accordingly, we may not be able to achieve the expected expansion of our operations or manage our growth in a timely or cost-effective manner.

If we fail to implement our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage our growth, take advantage of market opportunities or remain competitive in the industry. Furthermore, even if we implement our business plans and strategies effectively and efficiently, there may be other unexpected events or factors that may prevent us from achieving desirable and profitable results. Our business, financial condition, results of operations and growth prospects may be materially and adversely affected if our future business plans and strategies fail to achieve positive results.

If we fail to derive the desired benefits from our product research and development efforts, or respond to technological changes and evolving industry standards in an efficient and timely manner, we may not be able to effectively compete with our competitors.

Rapid changes in our industry may nevertheless place high requirements on our product research and development, and there can be no assurance that we will continue to be successful in responding to these technological changes and evolving industry standards. New products or technologies may render our existing products or technologies less competitive. Furthermore, to guide our future development steps, we may formulate our research and development direction based on our existing prediction of future technological and production trends. We cannot assure you that our prediction will be consistent with the actual changes in the industry of energy supply as there are many uncertainties in technology, regulations and consumer preference. Thus, even if we appropriately implement our original research and development plans, our research and development efforts may not result in our expected results and desired benefits.

If we fail to derive the desired benefits from our product research and development efforts, or respond to technological changes and evolving industry standards in an efficient and timely manner, we may not be able to continue to effectively serve our customers' demands, and our business, financial condition and results of operations may be materially and adversely affected.

Failure to successfully execute our equipment upgrade and capacity expansion plans may have a material adverse effect on our business, financial condition and results of operations.

Our future success will depend, to a large extent, on our ability to increase our production output and enhance our production efficiency. If we fail to achieve these objectives, we may not be able to attain the desired level of economies of scale in our operations, or reduce our marginal manufacturing costs to the level necessary to maintain our pricing and other competitive advantages in addition to achieving our business expansion plan.

Our equipment upgrade and capacity expansion require, and will continue to require, significant capital investment, significant engineering efforts, timely delivery of manufacturing equipment and substantial management attention, and are subject to the following risks and uncertainties:

- the need to finance our equipment upgrade and capacity expansion through bank or other borrowings, which may not be available on commercially reasonable terms or at all;

- delay in or denial of government approvals, permits or documents of similar nature necessary and required for our expansion;

- increase in depreciation charges associated with our new equipment and interest expenses associated with our future borrowings for planned upgrade or expansion;

- cost overruns, construction delays, manufacturing equipment problems, including delays in equipment delivery or delivery of equipment that does not meet our specifications, and other operating difficulties;

- failure to improve our operational and financial systems and risk monitoring and management system in line with our upgrade or expansion;

- decrease in the prices of our products, which fail to cover our increased production cost;

- failure to maintain or establish relationships with our existing or prospective customers and suppliers to match our increased production output;

- the failure of our new equipment to perform as expected which will fail to lower our manufacturing cost; and

- insufficient management resources to properly oversee and manage our planned capacity expansion.

Any of the abovementioned or similar risks or uncertainties could significantly delay or constrain our ability to execute our equipment upgrade and capacity expansion as planned, which may in turn hinder our ability to achieve economies of scale and satisfactory utilization rates. As a result, our ability to respond to changing market conditions or to grow our business will be limited, making us more vulnerable to adverse economic and industry conditions, and we will be placed at a competitive disadvantage compared to our competitors and our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to continue to successfully expand our product offerings. Failure to keep pace with changes in consumer demands for product design and quality, or failure to launch commercially viable products or failure to do so in a timely manner, may have a material adverse effect on our business, financial condition and results of operations.

To enhance our growth and meet customer demands, we plan to continue to expand and diversify our product offerings. Expanding into new product categories requires substantial capital investment for research and development resources in new technologies and product designs, as well as new manufacturing facilities and equipment. In particular, developing new and technologically advanced products is a complex process, which requires high levels of innovation, skilled research and development personnel as well as the accurate anticipation of technological and market trends. We may not be able to develop the core technologies necessary to manufacture our new products, license these technologies from third parties, or remain competitive in our research and development. Therefore, we cannot assure you that we will be able to identify, develop and manufacture new products successfully, if at all, or on a timely basis. Even if we are able to develop and introduce new power products to the market, they may fail to meet consumer demands and gain market recognition. Hence, if we fail to successfully develop or sell our new products, our business, financial condition and results of operations may be materially and adversely affected.

Unsatisfactory performance of or defects in our products may harm our reputation, result in loss of customers and sales and decrease in market share and may subject us to significant product liability claims and have a material adverse effect on our business, financial condition and results of operations.

The success of our business depends on our ability to consistently deliver products with high quality and reliability. If the quality or performance of any of our products deteriorates for any reason, we may be faced with returns or cancellations of orders and customer complaints. We may incur substantial costs associated with returns or replacements of our products, our credibility and market reputation could be harmed, and our sales and market share may be adversely affected. Further, as a result of defective products, we may encounter additional compliance issues that could subject us to administrative proceedings and unfavorable results such as production rectification. Such proceedings and unfavorable results could have a material adverse effect on our business, financial condition and results of operations.

Moreover, as our products contain harmful substances, any defects or improper performance of our products may directly or indirectly result in serious harm to the environment and may be detrimental to people’s health, safety and daily lives. If any such harm does result, we could be subject to product liability claims for damages. The costs and resources required to defend such claims could be substantial and, if such claims are successful, we could be responsible for paying some or all of the damages. Any problems with our product quality may harm our results of operations, adversely affect our reputation among clients and potential clients, and decrease our overall market share.

In addition, our products may contain defects that are not detected until after they are shipped or inspected by our customers. As our customers sell our products to the end consumers in their respective markets, we are also exposed to potential product liability claims, including class action lawsuits, from end consumers of our products in the relevant jurisdiction in the event that the use of our products has resulted in any health or safety issue or damage. Although we sell some of our products through our customers and therefore are not engaged in direct sales to the end consumers, we may nevertheless be liable for defects in our products as a result of general laws on product liability. As at the date of this Offering Circular, no product liability claims caused by defective batteries in our products have been brought against us.

We cannot assure you that a product liability claim will not be brought against us in the future or that we will not see increasing litigation over our products as the regulatory regimes surrounding these products develop, and we cannot assure you as to the outcome of any legal proceedings. Successful product liability claims against us could result in a substantial amount of damages payable. Further, product liability claims against us, whether or not successful, are costly and time-consuming to defend and could have negative impact on our reputation. These disputes may lead to legal or other proceedings, which may bring negative publicity that could severely damage our reputation and affect the marketability of our products, and could result in substantial costs and diversion of our resources and management's attention. All of the above impacts could in turn materially and adversely affect our business, financial condition and results of operations.

We have purchased product liability insurance for claims of personal injury and property damage caused by certain of our products. See "*Description of the Group – Insurance*". However, there can be no assurances that we will be able to maintain our product liability insurance on acceptable terms, and our insurance coverage may not be sufficient to cover any or all of our potential losses in product liability claims. If we cannot maintain our product liability insurance on reasonable terms or our insurance does not or cannot sufficiently compensate for the losses we sustain in the event of a lawsuit, our business, financial condition and results of operations would be adversely affected.

We are subject to risks relating to accidents or other hazards which may not be covered by insurance.

We maintain insurance coverage in respect of all of our properties under construction, third-party liabilities and employer's liabilities in accordance with what we believe to be industry standards. However, we may become subject to liability for hazards which we cannot insure against or which we may elect not to insure against because of high premium costs or other reasons. In particular, our insurance policies generally do not cover certain types of losses incurred due to hazards such as war, civil disorder, acts of terrorism, and other natural disasters. Any losses may significantly affect our business operation and we may not have sufficient funds to replace any property destroyed as a result of such hazards. In addition, any payments we make to cover any losses, damages or liabilities may have an adverse effect on its business, operating results, financial condition and prospects. Further, notwithstanding our insurance coverage, any damage to our buildings, facilities, equipment, or other properties as a result of occurrences such as fires, floods, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on our business, financial condition and results of operations.

Misuse of our products by end consumers may lead to potential adverse health effects, subjecting us to complaints, product liability litigations and negative publicity.

We are unable to control how end consumers choose to use our products. For example, we cannot prevent end consumers from using our products to inhale chemicals obtained from informal sources. Misuse of our products by end consumers may significantly and adversely affect their health, which may in turn subject us to consumer complaints and product liability litigation. Regardless of whether these complaints or product liability litigation hold merit, they may be costly and time-consuming to resolve, bring about negative publicity that could damage our reputation and result in higher scrutiny by the government or stricter regulation, all of which could materially and adversely affect our business, financial condition and results of operations.

We are subject to various regulatory and customer-imposed guidelines and may not be successful in maintaining an effective quality control system.

The performance, quality and safety of our products are critical to our end-user customers and our success. We have established and maintained stringent quality assurance standards and inspection procedures, including quality control with respect to the parts and components purchased from external suppliers.

The effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs and our employees' adherence to our quality control policies and guidelines, and should cover all stages of production, including raw material procurement and both semi-finished and finished products. If we fail to maintain an effective or adequate quality control system, we may produce defective products that would expose us to warranty claims which may include return or replacement of our product and other compensation and product liability. Any such claim, regardless of whether it is ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claim is ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our results of operations and financial condition.

Our operations are subject to a variety of laws and regulations in the jurisdictions where our products are sold, and are dependent on guidelines imposed by our customers relating to production safety, health and environmental conditions. For example, we are required to comply with specific guidelines based on the product safety standards and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions where our products are sold. To comply with them, we need to implement and maintain an effective quality control system to perform various inspections over the course of our entire manufacturing process. Although we have fully complied with our customers' quality control requirements as at the date of this Offering Circular, we cannot assure you that our quality control system will continue to be effective. Any significant failure or deterioration of our quality control system in respect of, among other things, our production process and product inspection may seriously damage our product quality. A decline in product quality will affect our reputation in the market and among our existing or prospective customers, which may lead to reduced orders or loss of customers, and will severely harm our business, financial condition and results of operations.

Since the listing of our A shares on the Shenzhen Stock Exchange in 2018, we are subject to the listing rules and compliance requirements under the Shenzhen Stock Exchange. Any significant failure in our compliance will affect our reputation in the market and the market price of our shares which may severely harm our business, financial condition and results of operations.

Failure to accurately forecast demand may result in excess or insufficient inventory levels.

Incorrect forecasting of demand in the future could result in experiencing an excess or a shortage of inventory. If product orders do not match the actual demand, we could have higher or lower than anticipated inventory levels and this could lead to higher interest charges or less interest income, price reductions, or write downs of slow moving or excess stock, resulting in lower profits.

As of the end of the years 2018, 2019 and 2020 and the six months ended 30 June 2021, the book value of our inventory was RMB7,076.10 million, RMB11,480.55 million, RMB13,224.64 million and RMB24,165.71 million and accounted for 9.58%, 11.33%, 8.44% and 11.63% of the total assets respectively. Our inventory level may increase as the Group's operating scale expands. On the one hand, a higher inventory amount occupies a larger amount of the Group's working capital which may result in certain operating risks; on the other hand, if the market environment changes, there may be a risk of inventory impairment in the future. We plan our inventory levels based on our internal assessment and forecasts of market demands. However, our internal assessment and forecasts are subject to a variety of factors which are beyond our control, such as fluctuating market demands. We cannot assure you that we can accurately predict the demands for our products to avoid the under-stocking or over-stocking of our inventory. Any unexpected change in demands for our products may result in us having out-of-stock or over-stocked items, which will in turn have a direct impact on our sales and pricing strategies. Further, we cannot assure you that we will be able to manage our inventory level effectively. If there is a sudden decrease in market demands or if our new products do not successfully meet customer preferences, we may experience slow movement of our inventories, such that our inventories may not be sold or utilized swiftly, and we may face the risk of inventory obsolescence. If we fail to manage our inventory at an optimal level, our business, financial condition and results of operations may be adversely affected.

Our intellectual property rights are critical to our success and any infringement of our intellectual property rights by any third party may materially and adversely affect our business, financial condition and results of operations.

Product design, research and development is critical to our business. We rely on a combination of domestic and foreign patents, copyrights, trademarks and other intellectual property laws as well as confidentiality agreements with our employees, suppliers and customers to protect our product design and other intellectual property rights. As at 30 June 2021, we had obtained 3,357 registered patents in the PRC, 493 registered overseas patents, and 3,379 patent registration applications were pending. The expected timeframes to register each of the pending patents and trademarks depend on various factors. In China, China design patent and China utility patent applications can take six months to one year, whilst China invention patent applications can take two to five years; in the U.S., U.S. design patent applications can take one to two years, whilst US utility patent applications can take two to four years. Trademark applications in China and the U.S. can take around 12 to 18 months.

In addition, preventing any unauthorized use of our intellectual property is difficult and costly, and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims from third parties, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be from time to time subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products or other aspects of our business without our awareness. Our employees may unknowingly use intellectual property owned by others in their course of employment. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in various jurisdictions. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may lack certainty, and we cannot assure you that courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be liable for our infringing activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our business relies on the proper operation of our information technology systems, any malfunction of which for extended periods could materially and adversely affect our business, financial condition and results of operations.

Our business relies on the proper functioning of our information technology systems. We use our information technology systems to retrieve and analyze operational data, including procurement, sales, inventory, logistics and production, as well as financial information, effectively and efficiently. We also use our information technology systems to assist us in planning and managing our production, budgeting, human resources, inventory, sales and financial reporting. As a result, our information technology system is critical for our daily operations. Although we have not experienced any information technology system breakdown as at the date of this Offering Circular, we cannot assure you that our information technology systems will always operate without interruption.

Any malfunction to a particular component of our information technology systems may adversely affect our operations and our results of operations. In addition, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of these may have a material and adverse impact on our business, financial condition and results of operations.

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

Fraud or other misconduct by employees (such as unauthorized business transactions and breaches of our internal policies and procedures) or third parties (such as breach of law) may be difficult to detect and prevent and could subject us to financial loss or sanctions imposed by governmental authorities and seriously harm our reputation. Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions in a timely manner or at all. For instance, two of our former employees in our procurement department were charged and found guilty of certain bribery offences by the relevant PRC courts in 2018 and 2019, respectively, for accepting bribes when carrying out their respective duties. None of these incidents have any material adverse effect on our business, prospects, financial conditions and results of operations. It is not always possible to detect and prevent fraud or other misconduct and the precautions we take to prevent and detect such activities may not be effective. Hence, there exists the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This may have a material adverse effect on our business, prospects, financial condition and results of operations.

If there is any change, suspension or termination of government grants, our business, financial condition and results of operations could be materially and adversely affected.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us or at all, and if we are able to raise funds, the value of your investment in the Group may be negatively impacted.

Although we believe that our current cash, cash equivalents and the anticipated cash flows from operations will be sufficient to meet our anticipated cash needs for the next 12 months, we may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. There is no assurance that we can obtain additional funds on terms acceptable to us or at all. In addition, our ability to raise additional funds in the future is subject to a range of uncertainties, including, but not limited to:

- our future financial condition, results of operations and cash flows;
- general market conditions for capital raising and debt financing activities; and
- economic, political and other conditions in China and elsewhere.

If we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

We may be involved in legal or other proceedings arising out of our operations from time to time which may expose us to liabilities, divert our management's attention and harm our reputation.

We may be involved in legal disputes or regulatory and other proceedings relating to, including but not limited to, contractual disputes, product liability claims and employees' claims. Especially, for contractual disputes, we cannot assure you that the venue and governing law agreed in relevant contracts are always favorable to us. Any such legal disputes or proceedings may subject us to substantial liabilities and may have a material and adverse effect on our reputation, business, financial condition and results of operations.

If the Group, our Directors or senior management become involved in material or protracted legal proceedings or other legal disputes in the future, we may incur substantial legal expenses and our management may need to devote significant time and attention to handle such proceedings and disputes, thereby diverting their attention from our business operations. In addition, the outcome of such proceedings or disputes may be uncertain and could result in settlement or outcomes which may adversely affect our business, financial condition and results of operations.

Our manufacturing operations are subject to a variety of health and safety laws and regulations and safety risks which may negatively impact our business.

We are subject to a variety of health and safety laws and regulations imposed by the PRC government. Compliance with existing and future health and safety laws and regulations could subject us to costs or liabilities, including monetary damages and fines, which may impact our production capabilities, result in suspension of our business operations, and impact our overall financial performance. While we have incorporated procedures in our product design and manufacturing processes of our products that are intended to minimize safety risks, accidents may occur. For instances, in January 2021, a blast occurred at a factory in Hunan province operated by our subsidiary Hunan Brunp Recycling Technology Co., causing casualties and losses. Although we currently carry insurance policies which will cover all or a portion of our losses arising from accidents and property damage, any accident, whether at our production facilities or from the use of the products by customers, may result in production delays or claims for damages resulting from injuries or death that exceed our insurance coverages which, if significant, could have material adverse effects on our business, financial condition and results of operations. If we are held liable for damages in the event of any injury or violation of applicable health or safety laws or regulations, we may also be subject to penalty and adverse publicity and our business, financial condition and results of operations could be materially and adversely affected.

We may not successfully mitigate our exposures to foreign exchange and interest rates.

We undertake certain transactions denominated in foreign currencies instead of RMB, our functional currency. In addition to RMB, the majority of our cash and cash equivalents are denominated in U.S. dollars. The value of U.S. dollars against RMB and other foreign currencies is generally affected by, among others, changes in the worldwide economic and political conditions. There can be no assurance that the U.S. dollars will be stable. Any appreciation of RMB against U.S. dollars may, to some extent, adversely affect our financial condition.

Furthermore, certain effects are generally associated with exchange rate fluctuations. For example, decrease in the value of local currency of our device for energy solutions export destinations may adversely affect our export volumes, and vice versa. Also, foreign exchange movements might negatively affect the relative purchasing power of consumers, which will result in a decline in our sales. Currently, we do not have a foreign exchange hedging policy. Although we seek to manage our currency risks to minimize any negative effects caused by exchange rate fluctuations, there can be no assurance that we will be able to do so successfully. Our business, financial condition and results of operations could nevertheless be adversely affected, particularly if any such exchange rate movements persist.

In addition, we are exposed to a cash flow interest rate risk in relation to variable-rate financial assets at fair value through profit or loss and bank balances due to the fluctuation of the prevailing market interest rate. If the interest rate moves in a different direction than we expected in the future, our financial decisions may adversely affect our cash flows and financial position. Though we have implemented and will continue to implement internal control measures to evaluate and monitor our exposure to interest rates, there is no assurance that we may successfully mitigate such risk in the future.

Preferential tax treatment currently available to us in the PRC could be discontinued or reduced.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and its relevant regulations, PRC companies are typically subject to an income tax rate of 25% under the EIT Law. The Company and certain subsidiaries are recognized as high and new technology enterprises and are entitled to a preferential income tax rate of 15% during 2017 to 2022 for the Company, and 2019 to 2021 for certain subsidiaries. The Company's subsidiary Qinghai Contemporary Amperex Technology Co., Limited located in western China is entitled to a preferential income tax rate of 15% from 2015 to 2030 in accordance with Notice of the MOF, SAT and General Administration of Customs on Tax Issues Concerning Further Implementing the Strategy of Western Development and the Notice of the MOF, SAT and NDRC on Continuation of Enterprise Income Tax Policy for Western Development. We shall, in accordance with the requirements of the tax authority and other relevant authorities, retain and submit our financial statements together with details of our research and development activities and other technological innovation activities for future reference to enjoy the preferential tax treatment.

We cannot assure you that we will continue to qualify for such preferential tax treatment, or that the policies providing for the preferential tax treatment will continue to be effective. If we fail to provide materials retained for future reference referred to in the preceding paragraph, we will not be entitled to enjoy the preferential tax treatment, as well as other benefits conferred under the accreditations. Our enterprise income tax expense was RMB468.92 million, RMB748.09 million, RMB878.64 million, RMB452.74 million and RMB1,009.81 million in the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, respectively. If the Company and certain subsidiaries are not entitled to preferential tax treatment, our income tax rate would be 25%, and our income tax expense would increase. As a result, our net profit would decrease by the difference between the current tax expense and the tax expense that we would incur if our income tax rate is 25% for the same years.

It is uncertain whether we will be able to recover value-added taxes imposed by the Chinese tax authority.

The amount of input value-added taxes and output value-added taxes are determined by the applicable value-added tax rate in effect during the period when purchases from our suppliers or sales to our customers are made. While the deductible value-added tax may enable us to reduce future tax payment, our deductible value-added tax may also pose a risk to us as its recoverability is dependent on the then applicable value-added tax rate in effect.

There is no assurance that the deductible value-added tax can be recovered. If there is a lack of payment from customers or an adjustment of applicable value-added tax rate in effect, the output value-added tax may be in shortfall in the future, and we may have to write down the deductible value-added tax, which may significantly affect our business, financial condition and results of operations.

In addition, export sales are exempted under VAT rules and an exporter who incurs VAT on the purchase or manufacturing of goods should be able to claim a refund from Chinese tax authorities. However, a reduction in the VAT export refund rate of some goods may cause exporters to bear part of the VAT they incurred in conjunction with the exported goods. Efforts by the Chinese government to increase tax revenues could result in revisions to tax laws or their interpretation, which could increase our VAT and various tax liabilities.

We may need to provide provision of impairment loss for our intangible assets, which could negatively affect our business, financial condition and results of operations.

Our intangible assets primarily include land use rights, trademarks, domain names, proprietary technology, licensed technology and software. As at 30 June 2021, the aggregate carrying value of these intangible assets amounted to RMB3.40 billion, accounting for 1.63% of our total assets as of the same date. If any of these intangible assets is no longer expected to generate future economic benefits to us at the balance sheet date and is determined to be impaired in the future, we would be required to write down the carrying value or record a provision of impairment loss for these intangible assets in our financial statements during the period in which the relevant intangible assets are determined to be impaired, and this would negatively affect our business, financial condition and results of operations.

If the Group were required to write down all or part of our fixed assets, our net income and net worth could be materially adversely affected.

Impairment of fixed assets may be triggered by developments outside of the Group's control, such as worsening economic conditions, technological change, intensified competition or other factors resulting in deleterious consequences.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the book value of the Group's fixed assets was RMB11,574.67 million, RMB17,417.35 million, RMB19,621.65 million and RMB25,132.13 million, and accounted for 15.67%, 17.19%, 12.53% and 12.10% of the total assets respectively. The Group has a relatively large amount of fixed assets, and if the Group was required to write down all or part of its fixed assets, the Group's business, financial condition and results of operations may be materially and adversely affected.

We have a high level of restricted assets, current liabilities and have experienced decline in our return on assets.

As at 31 December 2020 and 30 June 2021, our restricted assets were at RMB9,949.09 million and RMB12,497.16 million, respectively, which represented 8.82% and 9.40% of our total current assets and 6.35% and 6.01% of our total assets as at the same date, respectively. Our restricted assets mainly consist of certain properties, fixed assets, deposit certificates, notes receivables, intangible assets and equity instruments investment. In the event of default, the proceeds from the sales of the restricted assets will be used to pay off the bank loans prior to other creditors such as the Bondholders. In addition, the presence of the large amount of restricted assets may also limit our capacity to obtain future financing on favorable terms which could result in a material adverse effect on our business, financial condition and results of operations.

As at 30 June 2021, our total liabilities was RMB132,295.48 million of which current liabilities was RMB92,689.79 million representing 70.06% of the total liabilities. The high level of current liabilities will affect our ability to repay our short-term debt which could result in a material adverse effect on our business, financial condition and results of operations.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the average return on assets of the Group was 7.14%, 6.90%, 5.91% and 3.73%, respectively. The assets increments in 2017 and 2018 were high as a result of capital injection by increase of share capital and listing of the Company's A shares leading to a decrease of return on assets. The risk on the decrease of return of assets will result if the increase of net profit is lower than increase of assets.

If we are unable to maintain our gross profit margin of our products, our financial performance may be adversely and materially affected.

In the years ended 31 December 2018, 2019 and 2020, the Group's comprehensive gross profit margin was 32.79%, 29.06% and 27.76% respectively. The rapid increase in power battery production capacity in the market and the adjustment of new energy vehicle subsidy policies have led to a decline in power battery system sales prices, resulting in a decline in the Group's gross profit margin. If there is increased market competition in the future or adjustments in national policies which may cause adverse changes in the price of the Group's products and raw materials, the Group's gross profit margin may continue to decline.

We do not have control over the entities in which we have minority interest and we are subject to joint venture risks.

Certain of our operations are conducted through jointly controlled entities and associated companies. We do not have control over those entities in which we have minority interest only. Co-operation and agreement with our joint venture partners on the Group's existing or future business plans are important for the smooth operation and success of our existing and future business plans. However, our joint venture partners may (i) have economic or business interests or goals that are different from us, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements, or (iii) experience financial or other difficulties. Further, we may not be able to control the decision-making process of its joint ventures as, in some cases, it may not have effective control of the joint venture. Although we have not experienced any significant problems with our joint venture partners, no assurance can be given that disputes with our joint venture partners will not arise in the future, which could adversely affect the Group's business plans and operations.

Our international sales and marketing plans and strategies may not yield the desired results.

Our international sales have historically and are expected to continue to constitute a substantial portion of our revenue. The international sale, marketing and distribution of our products, however, expose us to a number of risks, including:

- fluctuations in currency exchange rates;
- increased costs associated with developing and maintaining our marketing and distribution presence in various countries;
- challenges in staffing and managing overseas operations and sales channels effectively;
- challenges in providing customer service and support in these markets;
- difficulties and costs of exporting our products overseas while complying with the different commercial, legal and regulatory requirements of the overseas markets in which we offer our products;
- failure to develop appropriate risk management and internal control structures tailored to overseas operations;
- difficulty in ensuring the compliance by our distributors and customers with the sanctions imposed by the U.S. Office of Foreign Assets Control on various foreign states, organizations and individuals;
- inability to obtain, maintain or enforce intellectual property rights;
- unanticipated changes in prevailing economic conditions and regulatory requirements; and
- government policies favoring domestic companies in certain foreign markets or trade barriers including export requirements, tariffs, taxes and other restrictions and expenses.

If we are unable to effectively manage these risks, they could impair our ability to expand our markets internationally and may have a material adverse effect on our business, financial condition, results of operations and prospects.

A key part of our strategy involves continuing to grow our sales in China; however, we depend on the continuing development of China's economy for this strategy to succeed.

Our future prospects depend in part on the successful growth of our sales within the domestic market in China since China is currently the largest market for BEVs and PHEVs and is still expected to be so by 2025. We have focused on building our customer base and expanding our market share in the domestic market, and our domestic sales have increased during the years 2018 and 2019. In 2020, though our sales within domestic market has slightly dropped, our sales in international market have increased. A continuation of the rising trend requires the continuing development of and investment in the growing sectors in China. If the development of or the investment in these sectors slows down or stops, our results of operations and future prospects may be materially and adversely affected.

If we are unable to successfully develop new technology or new products, our business, results of operations and prospects may be adversely and materially affected.

The battery industry is characterized by technological advancements, new product introductions and evolving customer requirements with respect to criteria such as battery life, terminal placement and electricity discharge capacity. Our competitors are continuously searching for ways to improve the specifications and quality of the batteries they produce, which, if successful, could render our products uncompetitive or obsolete. As a result, we must continue to invest significant human and capital resources in research and development to enhance our existing products and to develop new technologies. However, there is no assurance that we will be successful in developing and manufacturing these and other new products in a timely manner or at all. Moreover, products that appear to be promising at the development phase may fail to achieve broad market recognition for a variety of reasons. If we fail to develop products that meet market demands in a timely manner, we may be unable to achieve the growth as expected and may incur expenses relating to the development or acquisition of new technologies that do not lead to commercially viable products, which could materially and adversely affect our financial results, results of operations and prospects. If there is a shift in market preference and if we are not able to develop products that meet such demands, our business could be adversely affected.

Introduction of new technology may result in higher costs to the Group which may continue indefinitely. Until increased demand and greater availability of the sources of the new technology drive its costs down, the Group's results of operations may be adversely affected.

Market acceptance of the new products introduced in recent years and scheduled for introduction in 2019 and beyond may not meet sales expectations due to various factors, such as the failure to accurately predict market demand, end-user preferences and evolving industry standards. Moreover, the ultimate success and profitability of our new products may depend on the Group's ability to resolve technical and technological challenges in a timely and cost-effective manner, and to achieve manufacturing optimization. The Group's investments in productive capacity and commitments to fund advertising and product promotions in connection with these new products could erode profits if those expectations are not met. The Group cannot provide assurances that its R&D efforts will be successful or that the technologies it chooses to invest in will lead to products that are well received by its customers. The Group may see limited or no returns on its R&D investment. If the Group is unsuccessful in developing new products and production processes in the future or if projects are discontinued for technical, economic, commercial, regulatory or any other reasons, the Group's competitive position and operating results will be harmed. The same holds true if other companies develop alternative technologies and solutions that meet customer preferences better than the Group's products.

We may undertake acquisitions, investments, joint ventures or other strategic alliances, which may have a material adverse effect on our ability to manage our business, and such undertakings may be unsuccessful.

Our growth strategy includes plans to expand our operations through acquisitions or strategic partnerships with other companies in China and overseas. In September 2019, the Group subscribed for 183,333,334 new shares of Pilbara Minerals Limited, which is an Australian lithium-tantalum producer listed on the Australian Securities Exchange (ASX: PLS) and considered as one of the top 300 companies in Australia (ASX300 index), at a consideration of AUD55 million. After the subscription, the Group holds approximately 8.24% of the issued share capital of Pilbara Minerals Limited as enlarged by the issue of the subscription shares. This relationship combines Pilbara Minerals Limited's operating expertise in upstream spodumene production with the Group's expertise in the upstream supply chain. We signed a strategic cooperation agreement in the field of new energy metal resources with China Molybdenum Co., Ltd. in April 2021 to invest and jointly own 95% of Kisanfu Cooper-Cobalt Mine, one of the world's largest undeveloped sources of cobalt of the highest grade, in Democratic Republic of Congo. However, in the future, we may not be successful in identifying attractive partners or acquisition candidates, and any such failure could limit our ability to expand our business and grow our market share. Even if we are successful at forming partnerships or acquiring other companies, the acquisitions of companies or businesses and participation in partnerships are subject to considerable risks, including:

- failure to integrate new operations, personnel, products, services and technologies;
- unforeseen or hidden liabilities, including exposure to lawsuits associated with newly acquired companies;
- diversion of financial or other resources from our existing businesses and technologies;
- disagreements among partners;
- contravention of regulations governing cross-border investment;
- failure to comply with laws and regulations as well as industry or technical standards of the overseas markets into which we expand;
- exposure to operational, regulatory, market and geographic risks and additional capital requirements;
- inability to generate sufficient revenue to offset the costs and expenses of acquisitions, strategic investments, joint venture formations or other strategic alliances; and
- potential loss of, or harm to, employees or client relationships.

Any of the above risks could significantly impair our ability to manage our business and materially and adversely affect our business, results of operations and financial condition. Our operations and financial performance may be materially and adversely affected if we experience any major disruptions, damage or destruction at our production facilities.

Our business is dependent on our manufacturing facilities. Our facilities are subject to operating risks and disruptions, such as the breakdown or failure of equipment, labor disputes, natural disasters, industrial accidents and the need to comply with relevant regulations. The occurrence of any of these could significantly affect our operating results. Further, our production involves a significant degree of vertical integration, and disruptions in the processing of materials we use for manufacturing of our products may have repercussions for the remainder of the production process. The loss or shutdown of any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing operations in the PRC are subject to increasing costs due to inflation and other changes.

Many of our key suppliers and subcontractors are located in the PRC. While the PRC economy has experienced rapid growth, such economic growth can lead to a growth in the money supply and rising inflation. General inflation has also led to an increase in labor, transportation and commodity costs. In order to control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets, and restrictions on state bank lending to slow economic growth. If these measures are unsuccessful and commodity, utility and supply costs increase at a higher rate than our prices, particularly if combined with adverse changes in foreign currency exchange rates, the Group may not realize the expected cost efficiencies of moving our manufacturing operations to the PRC.

Similar economic trends may occur in other countries in which we have manufacturing and R&D facilities. If the Group is unable to realize the expected cost efficiencies of relocating a large percentage of our manufacturing and R&D operations to the PRC or to other low-cost countries, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to product liability exposure which could harm our reputation and materially and adversely affect our business, financial condition and results of operations.

Our products can expose us to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in personal injuries, project delays or damage or other adverse effects. Any product liability claim, whether relating to personal injuries, project delays or damages or regulatory action could prove costly and time-consuming to defend and could potentially harm our brand reputation. If successful, product liability claims may require us to pay substantial damages. Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third party suppliers. Such third party suppliers may not indemnify us for defects as to such parts and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product liability claim. Product liability claims, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of our products and our reputation, as well as our business, financial condition and results of operations. Moreover, a material design, manufacturing or quality-related failure or defect in our products or other safety issues could warrant a product recall by us and result in increased product liability claims. If authorities in the jurisdictions in which we sell our products decide that our products fail to conform to applicable quality and safety requirements and standards, we could be subject to regulatory actions. In China, violation of PRC product quality and safety requirements may subject us to monetary and injunctive penalties, including orders to cease manufacturing and sales of relevant products or to cease operations pending the required rectification. Furthermore, if the violation is determined to be serious in nature, our business licenses to manufacture or sell relevant products could potentially be revoked, and we could be subject to criminal liability.

We may not be able to obtain external financing on favorable terms, or at all, to fund our ongoing operations and expansions.

To fund our ongoing operations, existing and future capital expenditure requirements, investment plans and other financing requirements, and to competitively respond to technological change and market demand, we require sufficient internal sources of liquidity or access to additional financing from external resources. In particular, we require significant capital for research and development of new power batteries and expansion and upgrade of production facilities of existing plants. We primarily fund our operations from a combination of cash generated from our business operations, securities offerings and bank borrowings. We cannot assure you that in the future we will be able to secure sufficient capital to fund our working capital requirements and planned capital expenditures. In particular, the availability of external funding is subject to various factors, some of which are beyond our control, including obtaining governmental approvals, prevailing capital market conditions, credit availability, costs of financing which includes changes in interest rates, and the performance of the businesses we operate. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to arrange sufficient funding in a timely manner or on terms that are satisfactory to us could adversely affect our business, results of financial condition and expansion plans.

Failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect those rights may be costly and may not be resolved in our favor.

We mainly rely on patent laws to establish, protect and maintain our proprietary intellectual property, technologies and other confidential information. The existence of a patent, however, may not necessarily protect us from competition, as any granted patent may be challenged, invalidated or held unenforceable. In addition, it is possible that competitors could, under PRC patent law, apply for and obtain a compulsory license to use our patents if we refuse to grant a license under those patents on reasonable terms. In the event that our granted patents or other intellectual property and our applications do not adequately describe, enable or otherwise provide coverage for our products, technologies or designs, we would not be able to prevent others from developing or commercializing these products, technologies or designs. Competitors may successfully challenge our patents, produce similar products that do not infringe our patents or produce products in countries that do not recognize our patents. Further, changes in either patent laws or in the interpretation of patent laws may diminish the value of our intellectual property. The occurrence of any of these events could harm our competitive position and decrease our revenue.

For our unpatented proprietary technologies, for which we do not apply for patents to avoid disclosing details of such technologies, know-how and data, we rely primarily on non-disclosure agreements, confidentiality agreements and other contractual arrangements for their protection. As we rely in part on the good faith of the contracting parties for the effectiveness of these agreements, there is no assurance that these measures will be effective in protecting our proprietary information. Moreover, our brands and trademarks are critical to our success. Although we have registered our trademarks in the PRC and internationally, given the large geographical area in which we conduct our business, the monitoring and preventing of unauthorized use is difficult. Any unauthorized use of our brands, trademarks and other similar intellectual property rights could harm our competitive advantages, goodwill and business.

Litigation may be necessary in the future to enforce our intellectual property rights, the costs of which could be substantial. Enforcement of intellectual property rights may be more difficult and/or less effective in China compared to other jurisdictions, such as the United States or the European Union, which requires more time to recognize and enforce such rights. An adverse outcome in litigation or similar proceedings could adversely affect our business, financial condition and results of operations.

We may be exposed to infringement or misappropriation claims, which, if determined adversely against us, could require us to pay significant damage awards.

Our success depends largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. The validity and scope of legal claims relating to the patents covering the proprietary components in our products and services involve complex scientific, legal and factual questions and analysis and, therefore, may have highly uncertain outcomes. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming, and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceeding to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products or services, or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Protracted litigation could also result in our clients or potential clients deferring or limiting their purchase or use of our products or services until resolution of such litigation.

We may face accidents in our production process, which could result in significant production interruption, delays or liability claims for substantial damages.

Our processes of production pose certain risks, including industrial accidents or fire, and may result in significant property damage or personal injury. While we have implemented stringent safety procedures in the production process to minimize such risks, accidents may nonetheless occur. Any accident, regardless of where it occurs, may result in significant production interruption and delays or claims for substantial damages caused by personal injuries or property damage.

We may be subject to civil claims or administrative sanctions for our operations or potential harm to employees caused by our operations and may not be able to meet the increasingly stringent environmental protection requirements imposed by the PRC government and overseas.

Our production process involves the use of harmful substances, which, if handled inappropriately, could be detrimental to the life and health of our employees as well as the environment. We are subject to extensive and changing environmental, health and safety laws and regulations that affect our operations, facilities and products in China and in other countries where we operate.

We are required to obtain and maintain various operating permits for the construction and operation of our production facilities. We cannot assure you that we will obtain all the relevant permits. If we fail to obtain the relevant operating permits or cannot renew or modify our operating permits in the future, we may be subject to civil and administrative claims that may result in potentially significant monetary damages and fines or suspension of our operations. As our production may affect the health of our employees and the surrounding environment, our failure to control the pollutants generated as a by-product of our production could subject us to potential civil and administrative claims and may result in potentially significant monetary damages and fines or suspension of our business operations, which may harm our results of operations. If more stringent regulations are adopted in the future, the related compliance costs could be substantial and our results of operations and future prospects may be materially and adversely affected. Any failure to comply with any present or future environmental, health and safety laws and regulations could result in the assessment of damages or imposition of fines against us, suspension of production, cessation of our operations, or even criminal sanctions.

Our success and ability to operate efficiently are dependent on our key management personnel, and loss of service of our key personnel or any failure to attract and retain necessary talents may materially and adversely affect our business, financial condition and results of operations.

Our future success depends heavily upon the continuing services, efforts and performance of all our executive directors and members of our senior management team.

The talent, experience and leadership of our key management team are critical to the success of our business. Our senior management team has extensive experience and expertise in the industry of supplying power solutions as set out under the section entitled "*Management – Senior Management*" of this Offering Circular. They have made significant contributions to the growth and success of our business. For example, Mr. Zeng Yuqun, our Chairman and chief executive officer, has accumulated over 20 years of experience in the industry of supplying power solutions and is experienced in business management. Furthermore, Mr. Li Ping, our vice chairman and executive director, and Mr. Huang Shilin, our vice chairman and deputy general manager, each has over ten years of experience in the industry. Therefore, any unexpected loss of services of one or more of these individuals could have a material adverse effect on us.

Our future success also depends substantially on our ability to recruit, train and retain qualified management, engineers and other qualified personnel. For example, our business is dependent on talented engineers to research and develop new technologies of power solutions. The departure of any of these individuals could have an adverse effect on our business and prospects. Competition for talent in the energy solution industry is intense, and qualified individuals can be difficult to recruit. Consequently, we may not be able to easily or quickly replace lost personnel and we may incur additional expenses to recruit, train and retain new hires. A significant increase in the employee turnover rate or a significant increase in labor costs due to competition for talents or unfavorable changes in labor and healthcare laws could have a material adverse effect on our business, financial condition and results of operations. Furthermore, various parts of our production process are done by manual labor and if we fail to attract and retain a sufficient number of workers to meet our demands, our business and prospects may be adversely affected.

We face risks associated with the sales of our products in overseas markets, and if we are not able to effectively manage these risks, our ability to manage and grow our business abroad will be limited.

A small portion of our turnover is derived from the sales of our products in overseas markets, which includes developing countries in Asia, the Middle East, Eastern Europe, Africa and other regions. We intend to continue exploring business opportunities in selected overseas markets. Sales to foreign countries and territories expose us to various risks, including:

- political risks, including risks of loss due to civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, and strained or altered foreign relations with China or other relevant countries;
- economic, financial and market instability and credit risks, including, for example, those relating to the potential deterioration of credit markets and other economic conditions in our overseas markets and other countries;
- changes in foreign government regulations or policies;
- dependence on foreign governments or entities controlled by foreign governments for electricity, water, transportation and other utility or infrastructure needs;
- unfamiliarity with local operating and market conditions;
- lack of understanding of local taxation, customs and other laws, regulations, standards and requirements;

- risks and uncertainty associated with using foreign agents or distributors in connection with our overseas operations and sales;
- preferential treatment or corrupt business practice;
- foreign currency controls and fluctuations;
- tax increases or adverse tax policies;
- trade barriers, such as tariffs or embargoes;
- sanctions imposed by certain countries, such as the United States, the European Union and the United Nations against transactions with or within countries in which we conduct business, including high-risk countries such as Democratic Republic of Congo, which may limit our ability to operate in such countries or obtain funding for certain overseas projects;
- discrimination against ethnic Chinese or protectionism against Chinese companies;
- competition from other international and local companies;
- adverse labor conditions or employee strikes;
- stringent environmental protection laws;
- potential disputes with foreign partners, customers, subcontractors, suppliers or local residents or communities;
- expropriation and nationalization of our assets in foreign countries; and
- lack of a well-developed or independent legal system in overseas countries in which we have operations, which may create difficulties in the enforcement of contractual rights.

The recent rhetoric surrounding the trade war between the United States and the PRC continues to escalate and neither side has been willing to significantly progress stalled trade negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the industries the Group's clients operate in remain uncertain. Since April 2018, the United States has imposed tariffs on various categories of imports from China, and the PRC responded with similarly sized tariffs on United States products. In January 2020, the U.S. government has halved import tariffs on batteries manufactured in China from 15 percent to 7.5 percent as part of the trade deal effective 14 February 2020. The move will incrementally improve economics for grid storage projects planning to use battery cells, modules and packs made in China. However, this decision does not end policy interference in the energy storage marketplace.

If any of the risks described above materialize, or if we are unable to manage these risks effectively, our ability to manage or grow our international business would be undermined, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

Our plan to expand our production capacity may not be successful and such expansion may result in a significant increase in our cost of sales.

To support our growing operations, we intend to expand our production capacity by constructing new production facilities in China and other cities around the world. In July 2018, we entered into an investment agreement with the government of Thüringen, Germany, in relation to an investment of EUR240 million in setting up a new battery plant and intelligent manufacturing technology and development center in the city of Erfurt. We have committed to invest no more than EUR1.8 billion to build our overseas production sites in Europe, with the first production facility in Thüringen, Germany expected to commence operation in 2022 and achieve a capacity of 16 GWh. In early 2020, we have also proposed to establish a new plant covering approximately 1,300 acres in Cheliwan, Jiaocheng District, Ningde City, Fujian Province, China, a proposed investment not exceeding RMB10 billion. It is expected that the plant will be completed within two years, subject to the actual construction in progress. We cannot assure you that this new production facility will be completed on time, or at all. If we are unable to obtain government approval for any reason, or if we encounter unforeseen difficulties in the course of the construction, the construction may be significantly delayed and we may not be able to complete the new production facility on time. Any failure or delay in implementing any parts of our plan may result in a lack of production capacity to support our growth, which could materially and adversely affect our business, financial condition and results of operations.

Our plan to expand our production capacity is also subject to the following risks: (i) our actual production volume may vary depending on the demand for our products, subject to factors that are beyond our control such as market trend and customers' preferences, and the demand for our products and revenue to be generated may not increase in line with our increase in production capacity; and (ii) we expect to incur additional direct labor costs, capital expenditure and depreciation costs in connection with the construction of a new production facility. We cannot assure you that our future growth will correspond to our expansion of production capacity. If we incur significant costs in connection with our expansion plan but our future growth does not meet our expectation, our business, financial condition and results of operations could be materially and adversely affected.

Failure to develop appropriate internal control and management structures in line with our rapid growth could result in a material adverse effect on our business, prospects, financial condition and results of operations.

Our business and operations have been expanding rapidly. Significant management resources must be expanded to develop and implement appropriate structures for internal organization and information flow, an effective internal control environment as well as risk monitoring and management systems in line with our rapid growth, and to hire and integrate qualified employees into our organization. If we fail to develop appropriate structures as we expand our business and operations, we may not be able to identify unfavorable business trends, administrative oversights or other risks that could materially and adversely affect our business, prospects, financial condition and results of operations.

We face risks relating to contracting with public bodies.

We collaborate with various governmental authorities and their controlled entities in conducting our businesses and operation. Although we believe that we currently maintain close working relationships with those governmental authorities and entities relevant to our businesses, there is no assurance that such close working relationships will be maintained in the future. Local governments and their controlled entities may (i) have economic or business interests or considerations that are inconsistent with ours, (ii) take actions contrary to our requests, policies or objectives, (iii) be unable or unwilling to fulfil their contractual obligations in a timely manner, if at all, (iv) change existing policies and project plans without prior notice or consent from us for reasons such as government budgeting, (v) encounter financial difficulties, or (vi) have disputes with us as to the contractual terms or other matters. Disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these may materially and adversely affect our business relationships with the public bodies, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

Labor disputes could significantly affect our business.

Labor disputes, work stoppages or slowdowns at our production facilities or any of our contract manufacturers or raw material suppliers could significantly disrupt our operations or our expansion plans. Delay caused by any such disruptions could materially and adversely affect our operations or projections for increased capacity, production and revenue, which could have a material adverse effect on our business, results of operations and financial condition.

Our auditors has received adverse regulatory decisions and warnings issued by relevant PRC authorities in recent years.

Grant Thornton, our independent auditors, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the CSRC. Grant Thornton has received several adverse regulatory decisions and warnings issued by relevant PRC authorities and received penalties imposed by relevant PRC authorities in recent years.

According to Grant Thornton, the aforementioned adverse regulatory decisions and warnings do not have any impact on its audit opinions for the Group's financial statements as at and for the years ended 31 December 2018, 2019 and 2020 and review opinions on the Group's financial statements as at and for the six months ended 30 June 2021, nor do they have any impact on Grant Thornton in continuing to provide audit and other services to the Company.

According to Grant Thornton, the adverse regulatory decisions and warnings are not related to the Grant Thornton team serving as the Group's auditors and do not otherwise disqualify the team and its participation in this offering.

The Group faces risks related to changes in accounting standards.

In preparing the consolidated financial statements of the Group as at and for the year ended 31 December 2019, certain financial information of the Guarantor as at and for the year ended 31 December 2018 was reclassified as a result of the implementation of Circular on Revising and Issuing the Financial Statement Form of General Enterprise in 2019 (CK [2019] No. 6) issued by the MOF on 30 April 2019 and the Circular on Revising and Issuing the Consolidated Financial Statement Form (2019 Version) (CK [2019] No. 16), which amended the standard form of the general enterprise financial statements. In addition, in preparing the Guarantor's consolidated financial statements as at and for the year ended 31 December 2019, the Guarantor has adopted Enterprise Accounting Standards No. 22 – Recognition and Measurement of Financial Instruments, Enterprise Accounting Standards No. 23 – Transfer of Financial Assets, Enterprise Accounting Standards No. 24 – Hedging Accounting and Enterprise Accounting Standards No. 37 – Reporting of Financial Instruments, each with effect from 1 January 2019 and accordingly has restated certain financial information of the Guarantor as at and for the year ended 31 December 2018. As a result, we recorded certain changes in our financial information, including but not limited to, an increase in each of financial assets held for trading, debt investments, other debt of the foregoing investments, other equity instrument investments, other non-current financial assets and allowance for bad debt losses from 2018 and 2019. For more information, see note III of the Guarantor's consolidated financial statements as at and for the year ended 31 December 2019 included in this Offering Circular. In preparing the Guarantor's consolidated interim financial statements as at and for the year ended 31 December 2020, the Guarantor has adopted Enterprise Accounting Standards No. 14 – Revenue with effect from 1 January 2020 and reclassified certain items. For more information, please refer to note III of the Guarantor's consolidated financial statements of the Guarantor's consolidated financial statements as at and for the year ended 31 December 2020. The published financial information of the Guarantor in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Guarantor's accounting policies and/or applicable laws and regulations affecting the Guarantor's financial reporting or to reflect the subsequent comments given by the independent auditors during the course of their audit or review. As a result of these changes in accounting policies, potential investors must exercise caution when using the consolidated financial information of the Guarantor to evaluate the Guarantor's financial condition, results of operations and results.

The consolidated financial statements of the Group have been prepared and presented in accordance with PRC GAAP, which are different from IFRS in certain respects.

Our audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 and the unaudited but reviewed financial statements as at and for the six months ended 30 June 2020 and 2021 were prepared in accordance with PRC GAAP. Although PRC GAAP is substantially in line with IFRS, PRC GAAP differs in certain respects from IFRS. We cannot guarantee that the PRC GAAP will fully converge with IFRS or that there will be no additional differences between the two accounting standards in the future. Investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, as well as how those differences might affect our financial information included in this Offering Circular. In addition, although our independent auditor, Grant Thornton, is a registered member of The Chinese Institute of Certified Public Accountants and has significant audit experience in the PRC, it has limited international capital markets experience. Investors should consider these factors before making any investment decision.

RISKS RELATING TO THE INDUSTRY

Certain facts and statistics and information relating to us are derived from publications not independently verified by us, the Joint Lead Managers or any of their respective directors, employees, representatives, affiliates or advisers.

Certain facts and statistics in this Offering Circular relating to the PRC, its economy and its industry are derived from various official and publicly available sources generally believed to be reliable. While reasonable care has been taken to ensure that the facts and statistics or information relating to us presented in this Offering Circular have been accurately extracted from such sources, such facts, statistics and information have not been independently verified by us, the Joint Lead Managers or any of our or their respective directors, employees, representatives, affiliates or advisers; therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice or other reasons, the statistics herein may be inaccurate or may not be comparable from period to period or to statistics produced for other economies and should not be unduly relied upon.

The change of governmental policy on the new energy vehicle industry could affect our business.

Benefiting from the promotion of the national new energy vehicle industry policy, China's new energy vehicle industry has developed rapidly since 2009, and so has the market for new energy vehicles in which power batteries are core components of. Since the commencement of the pilot scheme regarding new energy vehicle promotion in 2009, China has been implementing various policies including subsidies for the purchase of new energy vehicles. As the industry develops, China has also adjusted its policies on subsidies. Overall, the quotas for the subsidy policy are decreasing, and the requirements on technical standards are gradually becoming more demanding. In February 2018, the MOF, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, and the NDRC released the "Notice regarding the Adjustment and Improvement of the Promotion and Application of New Energy Vehicles" (《關於調整完善新能源汽車推廣應用財政補貼政策的通知》), which made clear provisions on improving subsidy standards, raising the threshold of automobile models getting into the recommended catalog, and adjusting the operating mileage requirements by category. In April 2020, the MOF, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, and the NDRC released the "Notice regarding Improvement of the Policies on Fiscal Subsidies for Promotion and Application of New Energy Vehicles" (《關於完善新能源汽車推廣應用財政補貼政策的通知》), which made clear provisions on extending the subsidy period, cutting subsidies at a steady intensity and pace and moderately increasing the threshold of energy consumption of new energy vehicles and the operating mileage requirement of pure-electric passenger vehicles. In December 2020, the MOF, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, and the NDRC released "Notice regarding Further Improvement of the Policies on Fiscal Subsidies for the Promotion and Application of New Energy Vehicles" (《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》), which made clear provisions on continuing cutting subsidies at a steady pace, updating the new energy vehicle test method standards, further strengthening supervision and administration, and promoting industrial concentration.

In the years 2018, 2019 and 2020, sales of power battery systems were the Group's main source of revenue with the annual operating income of RMB24,515.43 million, RMB38,583.53 million and RMB39,425.82 million, accounting for 85.82%, 88.7% and 88.01% of the main business income respectively. The changes in the relevant policies of the new energy vehicle industry have a certain impact on the development of the power battery industry, which in turn affects the Group's product sales and operating income. If the change in policy is beyond expectations, or if there are major adverse changes in industrial policies, the Group's operating performance may be adversely impacted.

Our failure to anticipate and respond to changes in technologies or needs could adversely affect our business.

The market for the supply of new energy solutions is characterized by rapidly-changing technology and introduction of new products and solutions. Our success depends on our technical knowledge on disruptive technologies, such as renewable energy and hydrogen technology in the provision of cost effective products, our ability to respond and adapt quickly to technological changes, and our capability to understand the changing needs, preferences and requirements of our customers. There is no assurance that we will be able to offer, on a timely basis, new solutions or enhancements of existing technologies that will address the changing needs of our customers. We may experience unanticipated delays regarding the availability of new solutions and enhancements and fail to meet customer expectations with respect to the timing of such availability. Our existing range of solutions may also become obsolete due to rapid technological advances and changes in the new energy industry. If we do not respond to the rapidly changing and rigorous needs of our customers by making available, on a timely basis, new solutions and enhancements to our existing solutions that can respond to advanced threats and our customers' needs, our competitive position, profitability and business prospects will be adversely affected.

Furthermore, from time to time, our competitors may offer new products with capabilities or technologies that may potentially replace our own products. There is no assurance that announcements of new solutions by competitors will not cause customers to defer subscription of our supply services.

Even if we are able to make available upgrades of our existing supply services, there is no assurance that our supply services will achieve widespread market acceptance or meet users' expectations. If we fail to develop any upgrades and offer new products with advanced capabilities and technologies or if our upgrades do not receive the expected market acceptance, our competitive position, profitability and business prospects will also be adversely affected.

The volatility risk on market demand could adversely affect our business.

In recent years, the domestic new energy vehicle market has grown rapidly. At present, the development of new energy vehicles in China is still in its early stages. The production and sales of new energy vehicles still account for a relatively low proportion in the automotive industry. Factors such as purchase cost, charging time, battery life, and supporting charging facilities still affect the development of the new energy vehicle industry to a certain extent. In the future, if the market demand is affected by factors such as changes in industrial policies and infrastructure of supporting charging facilities, the market demand for new energy vehicles may fluctuate greatly, which will have a significant impact on the Group's production and operation.

In the field of energy storage batteries, applications of renewable energy have become the trend due to an increase in severe environmental changes. Energy storage products have a broad market prospect and are key facilitators of the full implementation of renewable energy. However, at present, China's energy storage industry is still in its early stages, such that the market has not matured, and there are uncertainties in the overall market development.

In the field of lithium batteries, with the future market growth of new energy vehicles and energy storage lithium batteries, there is a huge market for lithium battery recycling and lithium battery material processing and manufacturing. However, power batteries have not yet entered the recovery cycle on a large scale. If the growth rate of the recycling market does not meet certain expectations, or the future development trend of lithium-ion battery technology deviates from current expectations, the lithium battery material market will be affected to a certain extent.

We may be unable to successfully manage the growth of our business and our historical results of operations may not be representative of our future performance.

In the past three years, the Group's operating income, net profit and assets have grown rapidly. In the years 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's operating income was RMB29.61 billion, RMB45.79 billion, RMB50.32 billion, RMB18.83 billion and RMB44.07 billion, respectively; the net profit was RMB3.74 billion, RMB5.01 billion, RMB6.10 billion, RMB2.14 billion and RMB5.33 billion, respectively. At the end of each reported years or period, the Group's total assets were RMB73.88 billion, RMB101.35 billion, RMB156.62 billion, and RMB207.78 billion respectively, and the Group's net assets were RMB35.20 billion, RMB42.19 billion, RMB69.19 billion and RMB75.49 billion, respectively.

There can be no assurance that our revenue, gross profit or net profit will not decrease in the future. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and business opportunities. The Group's future growth is still to a large extent affected by internal and external factors such as industry environment, market demand, corporate R&D and management. If the Group faces a major adverse change in the external environment in the future, or if the Group cannot continue to maintain its competitive edge in technological innovation, product development and marketing, and the market expansion fails to meet expectations, the Group will face the risk of a decline in performance growth or such growth will be unsustainable.

We face active competition and if it does not compete effectively, our business may suffer.

In recent years, with the PRC governmental support for the new energy vehicle industry, competition in the market has become increasingly fierce, despite the fact that the new energy vehicle market is developing rapidly at the same time. As one of the core components of new energy vehicles, power batteries also continue to attract new market entrants to participate in the competition through direct investment, industrial transformation or mergers and acquisitions. At the same time, existing power battery companies have also expanded their production capacity, and the market competition has become increasingly fierce. If future market demand falls short of expectations, there may be structural overproduction in the market.

In addition, we may have to reduce prices on its products and services, or make other concessions, to stay competitive and retain market share. Price reductions taken by the U.S. in response to customer and competitive pressures, as well as price reductions and promotional actions taken to drive demand that may not result in anticipated sales levels, could also negatively impact its business. If we are forced to reduce its prices as a result of competitive pressures in the market, it may be unable to pass any increase in the prices of raw materials and components on our customers. Such price reductions taken by us may not generate the anticipated revenues and it may be unable to reduce its total costs in line with the revenues, which may have a material adverse effect on our business, financial condition and results of operations.

We have strong technical and scale advantages as a leader in the power battery industry. However, with the increasing pressure of market competition and the increasing standard from customers' demand, our future business development will face certain risks of increasing market competition.

Our results of operations could be negatively impacted by our inability to obtain raw materials, component parts, freight, energy, labor and sourced finished goods in a timely and cost-effective manner and inflationary or deflationary economic conditions.

The main raw materials required for our production and operation include cathode materials, anode materials, separators and electrolytes. The purchase price and supply of our raw materials will also fluctuate to a certain extent, affected by the changes in commodity prices and market supply and demand. To reduce fluctuation of raw material prices and supply risks, we have taken measures such as strategic cooperation and supply chain control to improve procurement management. In addition, we have established an information system that tracks the supply and demand of important raw materials and price changes in a timely manner, and effectively controls costs through advance purchase and other measures. Although we have established a relatively complete raw material procurement management system, changes in the macroeconomic situation and unexpected events may still have adverse effects on raw material supply and prices. If there is a shortage of major raw materials or a sharp increase in prices, or internal procurement management measures have not been effectively implemented, we may not be able to purchase the raw materials required for production in a timely manner or at a reasonable price, thereby adversely affecting our production and operation.

Furthermore, if we are unable to mitigate any inflationary increases through various customer pricing actions and cost reduction initiatives, its profitability may be adversely affected. In the event that there is deflation, we may experience pressure from its customers to reduce prices, and there can be no assurance that we would be able to reduce its cost base (through negotiations with suppliers or other measures) to offset any such price concessions, which could adversely impact results of operations and cash flows.

As a result of inflationary or deflationary economic conditions, we believe it is possible that a limited number of suppliers may either cease operations or require additional financial assistance from us in order to fulfil their obligations. Under limited circumstances, the magnitude of our purchases of certain items is of such significance that a change in established supply relationships with suppliers or an increase in the costs of purchased raw materials, component parts or finished goods could result in manufacturing interruptions, delays, inefficiencies or an inability to market products. Changes in value-added tax rebates currently available to us or to its suppliers could also increase the costs of our manufactured products as well as purchased products and components and could adversely affect our results of operations.

The prices or availability of raw materials, energy or other production factors vary with market conditions and may be highly volatile. There have been in the past, and may be in the future, periods during which we may not be able to pass raw material price increases on to customers.

We face risks of health epidemics, other natural disasters and terrorist attacks, which could severely disrupt our business operations.

Our business could be affected by the outbreak of COVID-19, H1N1 influenza, H5N1 influenza, H7N9 influenza, swine flu, avian influenza, severe acute respiratory syndrome (or SARS), Middle East Respiratory Syndrome or other epidemics. Since 2013, there have been reports regarding the outbreak of a highly pathogenic avian flu, caused by the H7N9 virus, in various parts of China. An outbreak of avian flu in the human population could result in a widespread health crisis that could adversely affect the economy and financial markets of China. Additionally, any recurrence of SARS, similar to the occurrence in 2003 which affected China and other countries and regions, would also have similar adverse effects. Severe contagious disease outbreaks such as the COVID-19 pandemic have and could in the future result in a widespread health crisis that could materially and adversely affect the business activities of the affected region, which could, in turn, adversely affect our business operations and earnings.

Our operations are also vulnerable to natural disasters or other catastrophic events, such as wars, terrorist attacks, snowstorms, earthquakes, typhoons, fire, floods, power failures and shortages, food and water shortages, hardware failures, computer viruses, and similar events which may or may not be foreseeable or otherwise within our control. Serious natural disasters may cause economic disruption and the destruction of our assets and impact its business and operations. Acts of war or terrorism, riots, strikes or disturbances could cause casualties to our employees and disrupt our business network and operations.

Any of these factors and other factors beyond our control could have an adverse effect on the business environment in which we operate, and especially in the areas where our operations are located, we might suffer losses as a result of business interruptions and our business, financial condition and results of operations might be materially and adversely affected.

The COVID-19 pandemic has caused and is causing significant harm to the global economy and may adversely affect our business, including our production, operations and financial condition, and may cause our revenue and profits to decline.

The recent outbreak of COVID-19, which was declared a "pandemic" by the World Health Organization in March 2020, and its continued spread worldwide has introduced uncertainty and volatility in global markets. The COVID-19 pandemic has resulted in authorities implementing numerous measures attempting to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. These measures are, amongst other things, severely restricting global economic activity, which is disrupting supply chains, lowering asset valuations, significantly increasing unemployment and underemployment levels, decreasing liquidity in markets for certain securities and causing significant volatility and disruption in the financial markets.

The extent to which COVID-19, and the related global economic crisis, affects our business, results of operations and financial condition, will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and any recovery period, future actions taken by governmental authorities, central banks and other third parties (including new financial regulation and other regulatory reform) in response to the pandemic, and the effects on the our products, customers, vendors and employees. Moreover, the effects of the COVID-19 pandemic may heighten the other risks described in this section "Risk Factors".

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Our business, financial condition, results of operations and prospects could be adversely affected by slowdowns in the Chinese economy.

We are primarily engaged in the power battery industry and a majority of our revenue is derived from the PRC. We rely significantly on domestic demand in the power battery industry to achieve revenue growth. Such domestic demand is materially affected by industrial development, growth of private consumption and overall economic growth in the PRC. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy with a corresponding impact on the Chinese economy. Since 2015, the PRC government has adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fueled growth. As a consequence of these reforms and the overall instability in the recovery of the global economy, the year-on-year rate of gross domestic product ("**GDP**") growth in the PRC has generally been slower in the past several years after three decades of rapid growth.

In March 2016, Moody's changed the PRC government's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and changed its outlook to "stable" from "negative", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, S&P downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC.

The continuing effects of reform in the PRC and the sovereign debt crisis in Europe may have an adverse effect on the global and PRC economies resulting in ongoing uncertainty for their overall prospects in the coming years. Any slowdown of the PRC economy may create a credit-tightening environment, increase our financing costs, negatively affect the PRC government's fiscal income and investment in fixed assets or reduce government subsidies granted to us, resulting in a material adverse effect on our business, financial condition, results of operations and prospects.

Economic, political and social conditions in the PRC as well as government policies could affect our business.

Substantially all of our assets are located in the PRC and substantially all of our revenue is sourced from the PRC. Accordingly, to a significant degree, our results of operations, financial position and prospects are subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to:

- political structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has transitioned from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. If China's economic growth decreases or if the PRC economy experiences a recession, the growth in demand for our products may also decrease and our business, financial condition and results of operations will be adversely affected.

In addition, demand for our products and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

The global financial markets have experienced significant slowdown and volatility during the past few years and any continued deterioration may adversely affect the PRC automobile market and our business operations.

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC power battery market by, among other things, reducing the demand for automobiles resulting in the reduction of demand for power batteries, and adversely impacting the purchasing power of potential automobile purchasers, which may further impact the general demand for power batteries and cause a further erosion of their selling prices.

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy and/or excessive foreign fund inflow. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. To control inflation in the past, the PRC government has imposed controls on bank credit, limits on loans for fixed assets and restrictions on state bank lending. Such austere measures can lead to a slowdown in economic growth. The PRC economy grew at a slower pace with a yearly real GDP growth of 6.6% in 2018, 6.1% in 2019 and 2.3% in 2020. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, the general demand for new energy vehicles, which could affect our business. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continues to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all our revenues in Renminbi. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including interest payments on the Bonds.

Currently, Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to Chinese foreign exchange laws and regulations which would affect exchange rates and our foreign exchange transactions. Although transactions conducted through our current account are not subject to prior approval by the SAFE under the current foreign control system in China, the Chinese Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, we might not be able to settle payments owed to overseas suppliers or pay interest to the Bondholders in foreign currencies. On the other hand, foreign exchange transactions under capital account in China continue to be not freely convertible and require the prior approval from SAFE. These limitations could affect our ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

There can be no assurance that China's policies regarding foreign exchange transactions under the current account and the capital account will continue in the future. These foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an effect on our foreign exchange transactions and the fulfilment of our other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange where such needs arise, our business, financial condition and results of operations could be adversely affected.

Fluctuations in the value of the Renminbi may have a material adverse effect on our business.

The Bonds are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on 21 July 2005, RMB-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On 19 June 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar or other foreign currency. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 28.8% from 21 July 2005 to 31 December 2011, according to rates published by Bloomberg.

On 11 August 2015, with a view to improve the central parity quotations of the Renminbi against the U.S. dollar, the PBOC authorized market-makers to provide daily central parity quotations to the China Foreign Exchange Trading Center before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange, as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, the Renminbi depreciated significantly against the U.S. dollar. Throughout 2016, the Renminbi experienced further fluctuations in value against the U.S. dollar. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate.

The PRC government may adopt further reforms of its exchange rate system, which includes making the Renminbi freely convertible in the future. If such reforms are implemented which results in the devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar denominated indebtedness and other obligations. Such a devaluation could also adversely affect the value, translated or converted to U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Bonds.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. Following the offering of the Bonds, we may enter into foreign exchange or interest rate hedging agreements in respect of our U.S. dollar denominated liabilities under the Bonds. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under such agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. If we were unable to provide such collateral, it could constitute a default under such agreements.

Uncertainty with respect to the PRC legal system could adversely affect us.

As substantially all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations. Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters, such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. In particular, legislation over the past 30 years has significantly enhanced the protections afforded to various forms of foreign investment in China. The legal system in China is continuing to evolve. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited as reference but have limited weight as precedents.

China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. The relative inexperience of China's judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. Furthermore, because these laws and regulations are relatively new, and due to the limited volume of published decisions and their non-binding nature, the interpretation, implementation and enforcement of these laws and regulations involve uncertainties due to the lack of established practice available for reference. We cannot predict the effect of future legal development in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or inconsistencies between local rules and regulations and national law. As a result, there is substantial uncertainty as to the legal protection available to us and investors in the Bonds. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retrospective effect. As a result, we may not be aware of our violation of these policies and rules until a certain period of time after the violation has occurred. This may also limit the remedies available to you as an investor and to us in the event of any claims or disputes with third parties. Any litigation in China may be protracted and may result in substantial costs and diversion of resources and management attention.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

Most of our Directors and executive officers reside within China, and substantially all our assets and the assets of those persons are located within China. It may not be possible for investors to effect service of process upon us or those persons inside China or to enforce against us or them in China any judgments obtained from non-PRC courts unless in accordance with the provisions of the international treaties concluded or acceded to by the foreign country and the PRC. The Issuer and the Guarantor have irrevocably submitted to the exclusive jurisdiction of the Hong Kong courts in the transaction documents relating to the Bonds. Hong Kong and the PRC have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the "**Reciprocal Arrangements**") which allow for a final court judgment (relating to the payment of money or other civil or commercial proceeding) rendered by a Hong Kong court or PRC court (as the case may be) to be recognized and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognized and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. As a general matter, a judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. The PRC signed the Hague Convention on Choice of Court Agreements (the "**Hague Convention**") in September 2017 which is intended to promote the use of exclusive choice of court agreements in international contracts and facilitate the creation of a recognition and enforcement regime for court judgments between contracting States. However, the signing of the Hague Convention does not currently have any legal effect until it is ratified by the PRC government. The PRC has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgments of courts with numerous countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for Bondholders to enforce any judgments obtained from such foreign courts against the Group, the Issuer, the Guarantor or any of their respective directors or senior management in the PRC.

Inflation or deflation in China could negatively affect our profitability and growth.

Economic growth in China has, during certain periods, been accompanied by periods of high inflation, and the PRC government has implemented various policies from time to time to control inflation. For example, the PRC government introduced measures in certain sectors to avoid overheating of the Chinese economy, including increasing interest rates and capital reserve thresholds at Chinese commercial banks. The effects of the stimulus measures implemented by the PRC government since the global economic crisis that commenced in 2008 and the continued growth in the overall economy since then have resulted in sustained inflationary pressures. If these inflationary pressures continue and are not mitigated by PRC government measures, the cost of our sales will likely increase and our profitability could be materially reduced as there is no assurance that we would be able to pass any cost increases onto our customers. Measures adopted by the PRC government to control inflation may also slow economic activity in China, reduce demands for our products and decrease our revenue growth, all of which would materially and adversely affect our business, financial condition and results of operations.

On the other hand, our business could also be affected by deflationary pressures. A decline in general price levels could negatively impact sales growth, operating margins and earnings if our competitors react by lowering their retail pricing. As a result, our business, financial condition and results of operations could be materially adversely affected.

Our operations and financial performance may be materially and adversely affected by labor shortages, increases in labor costs and changes to the PRC labor-related law and regulations.

The PRC Labor Contract Law became effective on 1 January 2008, and was amended on 28 December 2012, which amendments have taken effect on 1 July 2013. The current PRC Labor Contract Law has imposed greater liabilities on employers and significantly increased the cost of an employer's decision to reduce its workforce. Further it requires certain terminations to be based upon seniority instead of merit. In the event that the Group decides to significantly change or decrease the Group's workforce, the PRC Labor Contract Law could adversely affect the Group's financial condition and results of operations. In addition, the PRC government has continued to introduce various new labor-related regulations after the promulgation of the PRC Labor Contract Law. Among other things, the paid annual leave provisions require that the paid annual leaves ranging from five to 15 days be available to nearly all employees and further require that employers compensate an employee for any annual leave days the employee is unable to take in the amount of three times of such employee's daily salary, subject to certain exceptions. On 28 October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, which was further amended on 29 December 2018. According to the PRC Social Insurance Law, employees will participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay for the social insurance premiums for such employees.

As a result of the implementation of these and any future rules and regulations designed to enhance the standard for labor protection, the Group's labor costs may continue to increase. In addition, as the interpretation and implementation of these new laws and regulations are still evolving, the Group cannot assure you that the Group's employment practices will at all times be deemed fully in compliance, which may cause us to face labor disputes or governmental investigation. If the Group is deemed in violation of such labor law and regulations, the Group could be subject to penalties, compensations to the employees and loss of reputation, and as a result the Group's business, financial condition and results of operations could be materially and adversely affected. Furthermore, to support the growth of the Group's business, the Group will need to increase the Group's workforce of experienced management, skilled labor and other employees to implement the Group's growth plans. In the event of labor shortage, the Group may have difficulties recruiting or retaining employees or may cause us to incur additional costs and result in delays or disruption to the Group's production.

RISKS RELATING TO THE ISSUER AND THE GUARANTOR

The Issuer has no substantial business.

The Issuer was established for the purpose of raising finance by way of issuing the Bonds and on-lending the net proceeds from the issue of the Bonds to other members of the Group. It is expected that the Issuer is to be used mainly as a financing vehicle, and may not have any business activities other than the issue of debt securities, and its ability to make payments under the Bonds may depend on its receipt of timely remittance of funds from other members of the Group.

The Guarantor's obligations under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries, associates and jointly controlled entities.

A substantial part of the Guarantor's operations is conducted through its subsidiaries, associated companies and jointly controlled entities. Accordingly, the Guarantor is and will be dependent on the operations of its subsidiaries, associated companies and jointly controlled entities to service its indebtedness, including interest and principal on the Bonds. The Guarantor's obligations under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of its subsidiaries, associates and jointly controlled entities. The Guarantor's obligations will not be guaranteed by any of its subsidiaries. Claims brought by creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Bonds seeking to enforce the Bonds and the Guarantee. In the event of an insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of any subsidiary of the Guarantor, creditors of such subsidiaries generally will have the right to be paid in full before any distribution is made to the Guarantor. Moreover, the Guarantor's interests in its subsidiaries, associates and jointly controlled entities could be reduced in the future. Neither the Bonds nor the Guarantee contain any restriction on the ability of the Guarantor or its subsidiaries, associates or jointly controlled entities to incur additional indebtedness.

RISKS RELATING TO THE GUARANTEE AND THE BONDS

The Bonds may not be a suitable investment for all investors.

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a well-understood, measured and appropriate risk-management to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities.

The Bonds and the Guarantee are unsecured obligations.

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganization or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness; or
- other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Bonds.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Application has been made for the listing and quotation of the Bonds on the Hong Kong Stock Exchange. No assurance can be given that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. None of the Joint Lead Managers is obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies government regulations and changes thereof applicable to the department store industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

The ratings of the Bonds may be downgraded or withdrawn.

The Bonds are expected to be assigned a rating of Baa1 by Moody's. The ratings represent only the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds and the Trust Deed and credit risks in determining the likelihood that payments will be made when due under the Bonds. Ratings are not recommendations to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawn at any time. Neither the Issuer nor the Guarantor is obligated to inform holders of the Bonds if the ratings are lowered or withdrawn. Each rating should be evaluated independently of the other rating. A downgrade or withdrawal of the ratings may materially and adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

Investment in the Bonds is subject to exchange rate risks.

Investment in the Bonds is subject to exchange rate risks. The value of the U.S. dollar against the RMB and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other such factors. All payments of interest and principal with respect to the Bonds will be made in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the Hong Kong dollar, the RMB or other foreign currencies, the value of a Bondholder's investment in RMB or other applicable foreign currency terms will decline.

The Issuer's ability to make payments under the Bonds will depend on timely payments under on lent loans of the proceeds from the issue of the Bonds to the Guarantor and its subsidiaries.

The Issuer is a wholly-owned subsidiary of the Guarantor, formed for the principal purpose of issuing the Bonds and will on-lend the entire proceeds from the issue of the Bonds to the Guarantor and its subsidiaries. The Issuer does not and will not have any net assets other than such on-lent loans and its ability to make payments under the Bonds depends on timely payments under such loans. In the event that the Guarantor and its subsidiaries do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Bonds may be adversely affected.

The Issuer may be unable to redeem the Bonds.

On certain dates, including the occurrence of an early redemption event and at maturity of the Bonds, the Issuer may, and at maturity will, be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to redeem the Bonds by the Issuer, in such circumstances, would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Guarantor and its subsidiaries.

We may issue additional securities or raise additional capital in the future.

The Issuer may, from time to time, and without the consent of the Bondholders of the Bonds create and issue further securities (see "*Terms and Conditions of the Bonds – Further Issues*"). The Group may raise additional capital through such means and in such manner as the Group may consider necessary. We cannot assure you that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

There may be uncertainties relating to the performance of obligations under the Guarantee.

Under the Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment in full of all sums expressed to be payable by the Issuer under the Bonds. The obligations of the Guarantor will be contained in the Deed of Guarantee to be entered into on or about the Issue Date.

The Issuer understands from the Guarantor that the Guarantee will cover all sums due under the Bonds (including any principal, interest and related financial obligations and the Trust Deed of the Bonds).

The Guarantor is required by the Provisions on the Foreign Exchange Administration on Cross-border Guarantees and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (Huifa [2014] 29) (collectively, the "**Foreign Exchange of Cross-border Guarantee Measures**") to register the Deed of Guarantee and will register the Deed of Guarantee with the relevant local branch of SAFE within 15 PRC Business Days after the date of execution of the Deed of Guarantee. If the registration of the Deed of Guarantee is not completed in accordance with the aforesaid provisions, the Guarantor may not be able to go through the procedures of purchase of foreign exchange and remittance to perform its obligations under the Guarantee and SAFE may impose a fine or other penalties on the Guarantor.

In addition, there is no guarantee that the Issuer will have sufficient funds to redeem the Bonds in time, or on acceptable terms, or at all, if the Issuer intends to redeem the Bonds if the Guarantor fails to complete the registration with the relevant local branch of SAFE. Please see "*– The Issuer may be unable to redeem the Bonds*" for further details.

The insolvency laws of the British Virgin Islands, the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

The Issuer and the Guarantor are incorporated under the laws of the British Virgin Islands and the PRC respectively, and any insolvency proceeding relating to the Issuer or the Guarantor would likely involve insolvency laws of the British Virgin Islands or the PRC, as applicable, and the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

If the Issuer and the Guarantor are unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of their respective debt to be accelerated.

If the Issuer and the Guarantor are unable to comply with their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer and the Guarantor, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the Issuer's or the Guarantor's debt agreements contain cross-acceleration or cross-default provisions. As a result, the Issuer's or the Guarantor's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's or the Guarantor's other debt agreements. If any of these events occur, the Issuer and the Guarantor cannot assure holders that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that the Issuer and the Guarantor would be able to find alternative financing. Even if they could obtain alternative financing, they cannot assure holders that it would be on terms that are favorable or acceptable to them.

The Bonds will be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems.

The Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (the "**Clearing Systems**"). Except in the circumstances as described in the Global Certificate, investors will not be entitled to receive individual Bond certificates. The Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing System to receive payments under the Bonds. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing System to appoint appropriate proxies.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

The Guarantor may, to a certain extent, depend on the receipt of dividends from its subsidiaries, including PRC subsidiaries, to satisfy its obligations under the Guarantee. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders, including us, is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, restrictions contained in relevant debt instruments, and applicable laws. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to satisfy our obligations under the Guarantee. Further, certain loan agreements in relation to bank loans entered into by our PRC subsidiaries from PRC lender banks may contain provisions that restrict or prohibit the payment or declaration of dividends or distributions. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Bonds.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of turnover and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserve funds that are not distributable as cash dividends by the board of directors. In practice, our PRC subsidiaries may pay dividends once a year. As a result of such limitations, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Bonds or obligations under the Guarantee, and there could be restrictions on payments required to pay off the Bonds at maturity or as required for any early redemption.

Furthermore, in practice, the market interest rate that our PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. Our PRC subsidiaries are also required to pay a 10.0% (or 7.0% if the interest is paid to a Hong Kong resident) withholding tax on our behalf on the interest paid under any non-PRC shareholders' loans. PRC regulations require registration with SAFE for any of our non-PRC subsidiaries making shareholder loans in foreign currencies to our PRC subsidiaries. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries must present a tax filing form and/or other documents as required by tax authorities on the interest payable in any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require. Dividends received by our non-PRC entities from the direct equity investment in PRC resident enterprises shall be subject to enterprise income tax (withholding tax) at the rate of 10.0% unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where such non-PRC entity is established and the PRC.

As a result of the foregoing, we may not have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy the Issuer's obligations under the Bonds and our obligations under the Guarantee.

Interest payments and gains on the transfer of the Bonds may be subject to withholding tax under PRC tax laws.

Under the EIT Law, if the Issuer is deemed a PRC resident enterprise, the interest paid on the Bonds may be considered to be sourced within China. In that case, PRC income tax at the rate of 10.0% would be withheld at source from interest paid by the Issuer to Bondholders that are "non-resident enterprises" if such "non-resident enterprise" Bondholders do not have an establishment or place of business in China or if, despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realized on the transfer of the Bonds by such non-resident enterprise Bondholders may be subject to a 10.0% PRC income tax if the Issuer is treated as a PRC resident enterprise and such gain is regarded as income derived from sources within China.

Furthermore, if the Issuer is considered a PRC resident enterprise and the PRC tax authorities consider interest the Issuer pays with respect to the Bonds, or any gains realized from the transfer of Bonds, to be income derived from sources within the PRC, such interest or gains earned by non-resident individuals may be subject to the PRC income tax (which, in the case of interest, may be withheld at source by the Issuer) at a rate of 20.0%. It is uncertain whether the Issuer will be considered a PRC "resident enterprise" and whether in that case interest paid to non-resident Bondholders, or the gain non-resident Bondholders may realize from the transfer of the Bonds, would be treated as income sourced within China and be subject to the PRC tax. In addition, if Bondholders are required to pay the PRC income tax on the transfer of the Bonds, the value of an investment in the Bonds may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", Bondholders of the Bonds might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

As the Company is a resident enterprise, payments under the Company will be subject to PRC withholding tax at the rates described above.

Effective from May 1, 2016, China's tax authorities impose VAT on revenues from various service sectors, including financial services. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner ("**Circular 36**"), persons providing loans within the PRC or to PRC persons are subject to VAT. It is further clarified under Circular 36 that "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Therefore, because the Guarantor is a PRC company, it may be required to withhold VAT at the rate of 6.0% and certain surcharges on VAT from any interest it pays under the Guarantee. In addition, it is not clear whether the Issuer may also be required to withhold VAT if the PRC tax authorities view the interest they pay as income arising within the territory of the PRC.

The Issuer and the Company have agreed to pay, subject to certain exceptions, such additional amounts as will result in the Bondholders' receipt of the amounts that would have been received in the absence of any withholding of taxes by the Issuer or the Company. If the Issuer is required to withhold PRC taxes from payments on the Bonds, or if payments are made under the Guarantee, the requirement to pay additional amounts with respect to any PRC tax withheld will increase the cost of servicing the Bonds and will adversely affect our cash flows and financial position.

Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame may have adverse consequences for the Issuer, the Guarantor and/or the Bondholders.

According to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debts Filings and Registrations (《國家發展改革委員會關於推進企業發行外債備案登記制管理改革的通知》) (the "**NDRC Circular 2044**"), if a PRC enterprise or an offshore branch or enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a tenor of one year or more, such PRC enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and obtain the Enterprise Foreign Debt Pre-Issuance Registration Certificate (企業發行外債備案登記證明) from the NDRC in respect of such issue. According to the NDRC Circular 2044, the enterprise must also report certain details of the bonds to the NDRC within ten PRC Business Days upon the completion of the bond issue. The Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC dated 11 August 2021 evidencing such registration. The Guarantor also intends to file or cause to be filed with the NDRC the requisite information and documents within ten PRC Business Days after the Issue Date.

In addition, there is no assurance that the Guarantor will be able to comply with the NDRC requirements to provide the notification of the particulars of the issue of the Bonds to the NDRC within the prescribed time frame. The NDRC Circular 2044 is silent on the legal consequences of non-compliance with the pre-issue and post-issue registration requirements, therefore, there is no assurance that the failure to comply with the NDRC requirements would not result in any adverse consequences for the Issuer, the Guarantor, the Bonds or the investors in the Bonds. There is also risk that the registration with the NDRC may be revoked or amended in the future or that future changes in PRC laws and regulations which may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose in case of failure of such registration with, or post issuance report to, the NDRC.

Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

If the Guarantor fails to complete the SAFE registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.

Pursuant to the Deed of Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds. The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration in accordance with, and within the time period prescribed by, the Provisions on the Foreign Exchange Administration on Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014. Although non-registration with SAFE does not render the Guarantee ineffective or invalid under the PRC laws, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. In addition, if the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Guarantee in order to effect such remittance. As a result, there is no assurance that the Guarantor can remit money outside of the PRC to comply with its obligations under the Deed of Guarantee.

We may be unable to obtain and remit foreign exchange.

The Issuer is a BVI business company incorporated in the British Virgin Islands. Our ability to satisfy our obligations under the Bonds depends upon, among other things, our ability to obtain and remit sufficient foreign currency. We must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before we can obtain and remit foreign currencies out of the PRC including evidence that the relevant PRC taxes have been paid. If we for any reason fail to satisfy any of the PRC legal requirements for remitting foreign currency, our ability to satisfy our obligations under the Bonds would be adversely affected.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

Exchange rate risks and exchange controls may result in a Bondholder receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollars would decrease (i) the Investor's Currency equivalent yield on the Bonds; (ii) the Investor's Currency equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency equivalent market value of the Bonds.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Bondholder may receive less interest or principal than expected, or no interest or principal.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer and the Guarantor pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions of the Bonds and taking steps and/or actions and/or instituting proceedings pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the holders of the Bonds to take such steps and/or actions and/or institute such proceedings directly.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual Bondholders.

Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds and the Trust Deed by the Trustee or less than all of the holders of the Bonds.

The Terms and Conditions of the Bonds provide that the Trustee may, without the consent of the holders of the Bonds, agree to any modification (except as mentioned in the Trust Deed) of the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Terms and Conditions of the Bonds which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and to any modification of the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may, without the consent of the holders of the Bonds, authorize or waive any proposed breach or breach of the Terms and Conditions of the Bonds, the Agency Agreement, the Deed of Guarantee or the Trust Deed if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby.

The Bonds are redeemable in the event of certain withholding taxes being applicable.

Pursuant to the Terms and Conditions of the Bonds, the Issuer has the right to redeem the Bonds at any time in the event the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay any Additional Tax Amounts (as defined in the Terms and Conditions of the Bonds) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations as further described in "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*". An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Bonds are subject to optional redemption by the Issuer in accordance with Condition 6(d) of the Terms and Conditions of the Bonds.

An optional redemption feature is likely to limit the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

There may be less publicly available information about us than is available in certain other jurisdictions.

There may be less publicly available information about companies listed in the PRC than is regularly made available by public companies in certain other countries. In addition, the financial information in this Offering Circular has been prepared in accordance with PRC GAAP, which differ in certain respects from generally accepted accounting principles in other jurisdictions, which might be material to the financial information contained in this Offering Circular. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between PRC GAAP and other GAAP. In making an investment decision, you must rely upon your own examination the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between PRC GAAP and other GAAP and how those differences might affect the financial information contained in this Offering Circular. See "*Summary of Differences between PRC GAAP and IFRS*" for further discussion.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the U.S.$500,000,000 1.50 per cent. Guaranteed Bonds due 2026 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorized by a resolution of the sole director of Contemporary Ruiding Development Limited (时代瑞鼎发展有限公司) (the "**Issuer**") passed on 27 August 2021 and the guarantee of the Bonds was authorized by a resolution of the board of directors of Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) (the "**Guarantor**") passed on 26 April 2021 and the shareholders' resolutions of the Guarantor passed on 21 May 2021. The Bonds are constituted by a Trust Deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated on or about 9 September 2021 between the Issuer, the Guarantor and The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") dated on or about 9 September 2021 executed by the Guarantor and the Trustee relating to the Bonds. An agency agreement (as amended and/or supplemented from time to time, the "**Agency Agreement**") dated on or about 9 September 2021 relating to the Bonds has been entered into between the Issuer, the Guarantor, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and any other agents named in it. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection or electronically by written request to hkcorporate.trust.queries@hsbc.com.hk, at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the specified office of the Principal Paying Agent (being as at the date of issue of the Bonds at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong) upon prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent. "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalized terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Bonds are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register of Bondholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as otherwise required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and, in relation to a Bond, "**holder**" mean the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). These Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form".*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2 Transfers of Bonds and Delivery of New Certificates

(a) **Transfer**: A holding of Bonds may, subject to Conditions 2(d) and 2(e) and the provisions of the Agency Agreement, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge**: Certificates, on transfer, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant Bondholder of any and all tax, duty or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require in respect thereof).

(d) **Closed Periods**: No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bond pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)), or (iv) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b) or Condition 6(d).

(e) **Regulations**: All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. Each of the Issuer and the Registrar may change the regulations from time to time, with the prior written approval of the Trustee and (in the case of any change proposed by the Issuer) of the Registrar. A copy of the current regulations will be made available by the Registrar to any Bondholder for inspection at the specified office of the Registrar at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) following prior written request and proof of holding and identity satisfactory to the Registrar.

3 Guarantee and Status

(a) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) **Status**: The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

4 Negative Pledge; Undertakings relating to the Guarantee

(a) **Negative Pledge**: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of its Subsidiaries (other than any Listed Subsidiary and/or the Subsidiaries of any Listed Subsidiaries) will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders, having received an opinion from independent financial, legal or tax advisers of recognized international standing to such effect and/or such other documents, certificates and/or opinions as the Trustee shall in its discretion request (and in any such case the Trustee shall be entitled, without liability, to rely conclusively on any such opinion, document and/or certificate) or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Notification to NDRC**: The Guarantor undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC (the "**NDRC**") the requisite information and documents, within 10 PRC Business Days after the Issue Date and in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 which came into effect immediately and any implementation rules as issued by the NDRC from time to time (the "**Post-Issuance Filing**") and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds and the Guarantee.

(c) **Undertakings relating to SAFE filing**: The Guarantor undertakes to submit for registration or cause to be submitted for registration with the Ningde Branch (or other relevant branch) of the State Administration of Foreign Exchange ("**SAFE**"), the Deed of Guarantee within 15 PRC Business Days after the execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and shall comply with all applicable PRC laws and regulations in relation to the Guarantee.

(d) **Notification of Completion of the Post-Issuance Filing**: The Guarantor shall within ten PRC Business Days after the completion of the Post-Issuance Filing, provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorized Signatory of the Guarantor confirming (A) the completion of the Post-Issuance Filing and (B) that no Change of Control Triggering Event, Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred; and (ii) copies of the relevant documents evidencing the completion of the Post-Issuance Filing (if any), certified in English by an Authorized Signatory of the Guarantor as being a true and complete copy of the original. In addition, the Guarantor shall procure that within ten PRC Business Days after the documents specified in this Condition 4(d) are delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Post-Issuance Filing.

(e) **Notification of Completion of the Cross-Border Security Registration**: The Guarantor shall on or before the Registration Deadline and within ten PRC Business Days after the receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Cross-Border Security Registration), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorized Signatory of the Guarantor confirming (A) the completion of the Cross-Border Security Registration and (B) that no Change of Control Triggering Event, Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred; and (ii) copies of the registration certificate from SAFE or any other document evidencing the completion of the Cross-Border Security Registration and the particulars of registration, certified in English by an Authorized Signatory of the Guarantor as being a true and complete copy of the original (the certificate and documents referred to in (i) and (ii) of this Condition 4(e) together, the "**Registration Documents**"). In addition, the Guarantor shall procure that within ten PRC Business Days after the Registration Documents are delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Cross-Border Security Registration.

The Trustee shall have no obligation or duty to monitor, assist with or ensure the Post-Issuance Filing with the NDRC and/or Cross-Border Security Registration with SAFE on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-Issuance Filing and the Cross Border Security Registration and/or the Registration Documents or the accuracy or completeness of the translation into English of any such certificate, confirmation or other document or to give notice to the Bondholders confirming the completion of the Post-Issuance Filing and the Cross-Border Security Registration, and shall not be liable to Bondholders or any other person for not doing so.

(f) **Issuer Activities**: The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the issue of the Bonds or other bonds and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the entry into of currency and interest rate swap transactions and the on lending of the proceeds of the issue of the Bonds or other bonds and/or such swap transactions to any other Subsidiaries of the Guarantor outside the PRC).

(g) **Financial Statements**: So long as any Bond remains outstanding, the Issuer and the Guarantor shall furnish the Trustee with (A) a Compliance Certificate of each of the Issuer and the Guarantor and a copy of the relevant Guarantor Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by Grant Thornton China or a nationally recognized firm of independent accountants) of the Guarantor and its Subsidiaries and if such reports shall be in the Chinese language, together with an English translation of the same translated by (i) Grant Thornton China or a nationally recognized firm of accountants or (ii) a professional translation service provider and checked and confirmed by Grant Thornton China or a nationally recognized firm of accountants, together with a certificate signed by an Authorized Signatory of the Guarantor certifying that such translation is complete and accurate; and (B) a copy of the Guarantor Unaudited Semi Annual Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Guarantor Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same translated by (i) Grant Thornton China or a nationally recognized firm of accountants or (ii) a professional translation service provider and checked and confirmed by Grant Thornton China or a nationally recognized firm of accountants together with a certificate signed by an Authorized Signatory of the Guarantor certifying that such translation is complete and accurate.

(h) **Ratings**: So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will maintain ratings on the Bonds by at least one Rating Agency.

(i) **Definitions**: In these Conditions:

"**Compliance Certificate**" means a certificate of each of the Issuer and the Guarantor (as the case may be) in English signed by any Authorized Signatory of the Issuer or the Guarantor (as the case may be) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be) as at a date (the "**Certification Date**") not more than five days before the date of the certificate that:

(a) no Relevant Event (as defined in Condition 6(c)), Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(b) each of the Issuer and the Guarantor (as the case may be) has complied with all its covenants and obligations under the Trust Deed, the Bonds and the Deed of Guarantee.

"**Guarantor Audited Financial Reports**" means, for a Relevant Period the annual audited consolidated financial statements of the Guarantor together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them, prepared in accordance with the PRC GAAP;

"**Guarantor Unaudited Semi-Annual Financial Reports**" means, for a Relevant Period, the unaudited and reviewed or unreviewed consolidated profit and loss, balance sheet and cashflow statements of the Guarantor together with any statements, reports (including any directors' and auditors' reports) and notes (if any) attached to or intended to be read with any of them, prepared on a basis consistent with PRC GAAP;

"**Issue Date**" means 9 September 2021;

"**Listed Subsidiary**" means, at any time, any Subsidiary the shares of which are at such time listed on any recognized exchange, and any Subsidiary of such Subsidiary;

"**PRC**" means the People's Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing, PRC;

"**PRC GAAP**" means the Accounting Standards for Business Enterprises in China issued by the Ministry of Finance of the PRC from time to time;

"**Rating Agency**" means (1) Fitch Ratings Ltd. and its successors; (2) S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., and its successors; (3) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors or (4) any other reputable credit rating agency of international standing selected by the Issuer and notified in writing to the Trustee, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be;

"**Registration Deadline**" means the day falling 90 PRC Business Days after the Issue Date;

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or represented or evidenced by any bond, note, debenture, loan stock certificate or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over the counter or other securities market (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club deal loans) outside the PRC;

"**Relevant Period**" means, in relation to the Guarantor Audited Financial Reports, each period of 12 months ending on the last day of the Guarantor's financial year (being 31 December of that financial year), and in relation to the Guarantor Unaudited Semi-Annual Financial Reports, each period of six months ending on the last day of the first half of the Guarantor's financial year (being 30 June of that financial year); and a “**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.50 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$7.50 per Calculation Amount (as defined below) on 9 March and 9 September in each year (each an “**Interest Payment Date**”) commencing on 9 March 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the date falling seven calendar days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day count fraction will be determined on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 Redemption and Purchase

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 9 September 2026. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount together with interest accrued up to but excluding the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 September 2021, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by an Authorized Signatory of the Issuer (or a certificate of the Guarantor signed by an Authorized Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognized standing to the effect that the Issuer or the Guarantor (as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments, and the Trustee shall be entitled to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date specified in such notice in accordance with this Condition 6(b).

(c) **Redemption for Relevant Events**: At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control Triggering Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the fourteenth day (in the case of a redemption for a Change of Control Triggering Event) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice in writing to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control Triggering Event) or five PRC Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

In this Condition 6:

a "**Change of Control**" occurs when:

(i) Mr. Zeng Yuqun ceases to hold or own, directly or indirectly, at least 20 per cent. of the total voting power of the issued share capital of the Guarantor; or

(ii) any person, other than a Relevant Shareholder, becomes the single largest shareholder of the Guarantor; or

(iii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued ordinary share capital of the Issuer; or

(iv) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person or persons except where such person(s) (in the case of an asset sale or transfer) or the surviving entity (in the case of a consolidation or merger) is/are, directly or indirectly 100 per cent. held or owned by the Relevant Shareholders (whether singly or in combination);

a "**Change of Control Triggering Event**" means the occurrence of both a Change of Control and a Rating Decline. No Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated;

"**Investment Grade**" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of "Aaa", "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns; a rating of "BBB-" or better by Fitch or any of it successors or assigns; or the equivalent ratings of any internationally recognized securities rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for S&P, Moody's, or Fitch or any combination thereof, as the case may be;

a "**No Registration Event**" occurs when the Registration Conditions have not been satisfied in full on or before the Registration Deadline;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state, agency of a state (in each case whether or not being a separate legal entity);

“**Rating Category**” means (i) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (ii) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (iii) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (iv) the equivalent of any such category of S&P, Moody’s or Fitch used by another Rating Agency (as defined above). In determining whether the rating of the Bonds has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s and “+” and “-” for Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “B-” to “B+,” will constitute a decrease of one gradation);

“**Rating Date**” means, in connection with a Change of Control Triggering Event, that date which is 90 calendar days prior to the earlier of (i) a Change of Control and (ii) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other person or persons to effect a Change of Control;

“**Rating Decline**” means, in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Issuer or any other person or persons to effect a Change of Control (which period shall be extended so long as the rating of the Bonds is under consideration (as publicly announced within such six month period) for possible downgrade by any of the Rating Agencies) of any of the events listed below:

(i) in the event the Bonds are rated by three Rating Agencies on the Rating Date as Investment Grade, the Investment Grade rating of the Bonds by any two of the three Rating Agencies shall be either downgraded to below Investment Grade or withdrawn;

(ii) in the event the Bonds are rated by two Rating Agencies on the Rating Date as Investment Grade, the Investment Grade rating of the Bonds by both Rating Agencies shall be either downgraded to below Investment Grade or withdrawn;

(iii) in the event the Bonds are rated by one Rating Agency on the Rating Date as Investment Grade, such Investment Grade rating of the Bonds by such Rating Agency shall be either downgraded to below Investment Grade or withdrawn; or

(iv) in the event the Bonds are rated by one or more Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Bonds by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories);

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents;

a "**Relevant Event**" means a Change of Control Triggering Event or a No Registration Event; and

"**Relevant Shareholder**" means:

(i) Mr. Zeng Yuqun; or

(ii) Mr. Li Ping; or

(iii) Mr. Huang Shi Lin.

(d) **Redemption at the Option of the Issuer**: The Issuer may, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, redeem the Bonds in whole, but not in part, at any time on or after 9 August 2026, at 100 per cent. of their principal amount together with any interest accrued to but excluding the date fixed for redemption.

(e) **Notices of Redemption**: All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) or Condition 6(d) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption, nor the content of any compliance report and shall not be liable to the Bondholder or any other person for not doing so.

(f) **Purchase**: The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.

(g) **Cancellation**: All Certificates representing Bonds purchased by or on behalf of the Issuer, the Guarantor and their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

7 Payments

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a)(ii), a Bondholder's "**registered account**" means the U.S. dollar denominated account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the Record Date.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to provisions of Condition 8 any law implementing an intergovernmental approach thereto). No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation**: Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar or the Transfer Agent and to appoint additional or other Paying Agents and/or Transfer Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer (failing whom, the Guarantor) to the Bondholders in accordance with Condition 16.

(e) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Payment Business Days**: If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business and settlement of U.S. dollars payments in Hong Kong and New York City and (if surrender of the relevant Certificate is required) the relevant place of presentation.

8 Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the rate applicable on 2 September 2021 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer is required to make any deduction or withholding by or within the British Virgin Islands, or (ii) the Issuer, or as the case may be, the Guarantor is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer (or the Guarantor, as the case may be) shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

(a) **Other Connection**: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands (in the case of payments made by the Issuer) or the PRC (in the case of payments made by the Issuer or the Guarantor) other than the mere holding of the Bond; or

(b) **Surrender more than 30 days after the Relevant Date**: in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

"**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed, the Deed of Guarantee and the Bonds.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If any of the following events (each an "**Event of Default**") occurs the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued and unpaid interest:

(a) **Non-Payment**: there has been a failure to pay the (i) principal of or any premium (if any) or (ii) interest on any of the Bonds when due and such failure to pay interest continues for a period of 14 days; or

(b) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of their respective other obligations under the Bonds, the Trust Deed or the Deed of Guarantee (other than where such default gives rise to a redemption pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 45 days after notice of such default shall have been given to the Issuer or the Guarantor (as the case may be) by the Trustee; or

(c) **Cross-Acceleration**: (i) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.$60,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 45 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Principal Subsidiaries on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 45 days; or

(f) **Insolvency**: the Issuer or the Guarantor or any of the Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of all or part of a particular type of) the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries; or

(g) **Winding-up**: an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor or any of the Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of their respective Subsidiaries; or

(h) **Nationalization**: (i) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalization of all or a material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries or (ii) the Issuer, the Guarantor or any of the Principal Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or

(i) **Authorization and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed and/or the Deed of Guarantee; or

(k) **Unenforceability of Guarantee**: the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(l) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(k) (both inclusive).

In these Conditions

"**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose total operating income or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total operating income, as shown by its latest audited income statement, is at least five per cent. of the consolidated total operating income as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(b) whose total profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total profit, as shown by its latest audited income statement, is at least five per cent. of the consolidated total profit as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet, are at least five per cent. of the amount which equals the amount included in the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total operating income, total profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by or on behalf of the Guarantor;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total operating income, total profit or total assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Guarantor;

(iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor prepared for this purpose by the Guarantor; and

(v) in the case of a Subsidiary to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition.

10 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Bonds and the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification and Waiver

(a) **Meetings of Bondholders**: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Deed of Guarantee (other than as provided in Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification and Waiver**: The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that in its opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and the Deed of Guarantee), and any waiver or authorization of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorization or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorization or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights powers and discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Bonds and/or the Deed of Guarantee (as the case may be), but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 20 per cent. in principal amount of the Bonds then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound to so proceed, fails to do so within a reasonable time and such failure is continuing.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity (directly or indirectly) related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may conclusively rely without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to conclusively rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions or by law to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution or given as otherwise contemplated or permitted by the Trust Deed and/or the Bonds, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction where the Trustee is seeking such approval, directions or instructions from the Bondholders or in the event that the approval, directions or instructions sought are not provided by the Bondholders. The Trustee shall not be liable to any Bondholders, the Issuer, the Guarantor or any other person for any action taken by it in accordance with the approval, directions or instructions of the Bondholders. The Trustee shall be entitled to conclusively rely on any approval, direction or instruction of Bondholders (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds).

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to conclusively rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Relevant Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and no Bondholder shall rely on the Trustee in respect thereof.

15 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions, the making or submission of the Post-Issuance Filing and the completion of the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

16 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Global Certificate is held by or on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System (as defined in the Trust Deed), any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 Contracts (Rights of Third Parties) Act 1999

Save as contemplated in Condition 13, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed and the Agency Agreement and the Guarantor has in the Deed of Guarantee, irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) **Agent for Service of Process**: Each of the Issuer and the Guarantor irrevocably appoints Contemporary Amperex Technology (Hong Kong) Limited of 20/F, Central Tower, 28 Queen's Road Central, Central, Hong Kong as its authorized agent in Hong Kong to receive service of process in any Proceedings based on any of the Bonds, the Guarantee, the Trust Deed or the Agency Agreement. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer or the Guarantor, respectively). If for any reason the Issuer or the Guarantor as the case may be does not have such an agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) **Waiver of Immunity**: Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Bonds will be represented by a Global Certificate in registered form, which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and other sums and additional amounts (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds, save that the calculation will be made in respect of the total aggregate amount of the Bonds represented by the Global Certificate.

Meetings

The registered holder of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders of the Bonds and, at any such meeting, as having one vote in respect of each US$1,000 in principal amount of Bonds for which the Global Certificate is issued.

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer, the Guarantor or their respective subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders of the Bonds.

Payment

Payments of principal, interest and premium (if any) in respect of Bonds represented by the Global Certificate will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders of the Bonds for such purpose. So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register of the Bonds at the close of business on the Clearing System Business Day immediately prior to the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday inclusive) except 25 December and 1 January.

Calculation of Interest

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions of the Bonds, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to Bondholders of the Bonds may be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions of the Bonds.

Registration of Title

Certificates in definitive form for individual holdings of Bonds will not be issued in exchange for interests in Bonds in respect of which the Global Certificate is issued, except either Euroclear or Clearstream (or any Alternative Clearing System on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants.

Trustee's Powers

In considering the interests of the Bondholders whilst the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

USE OF PROCEEDS

The gross proceeds from the offering will be approximately US$497.2 million. The net proceeds of the offering will be on-lent by the Issuer to the Guarantor and/or its subsidiaries for general corporate purposes, including refinancing offshore indebtedness, financing the purchase of raw materials and replenishing working capital.

EXCHANGE RATE INFORMATION

China

The PBOC sets and publishes a central parity exchange rate on a daily basis with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the preceding day. The PBOC also takes into account other factors, such as the general conditions in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are fixed daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital account items, such as foreign direct investment, loans or securities, requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand, and by reference to a basket of currencies. On 19 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, and the band was expanded to 1.0% on 16 April 2012, and which was further expanded to 2.0% on 17 March 2014. On 11 August 2015, the PBOC announced that the exchange rates between the Renminbi and foreign currencies would become more market driven, taking into account of the closing exchange rates on the previous trading day, supply and demand of foreign currencies, and the fluctuations of exchanges rates between major international currencies. From 11 August to 13 August 2015, the value of the Renminbi depreciated by approximately 4.4% against the U.S. dollar. In January and February 2016, the Renminbi experienced further fluctuations in value against the U.S. dollar. The PRC government may make further adjustments to the exchange rate system in the future. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant depreciation of the Renminbi against the U.S. dollar. The PRC government may from time to time make further adjustments to the exchange rate system in the future.

The following table sets forth the noon buying rates for US dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as at the periods indicated, as set forth in the H.10 statistical release of the Federal Reserve Board.

On 30 June 2021, the noon buying rate for US dollars in New York City for cable transfers in Renminbi was RMB6.4566 to US$1.00 as set forth in the H.10 statistical release of the Federal Reserve Board.

Period	Noon buying rate			
	Period End	Average(1)	High	Low
	(RMB per US$1.00)			
2016	6.9430	6.6534	6.9580	6.4480
2017	6.5063	6.7530	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4648
April	6.4749	6.5176	6.5649	6.4710
May	6.3674	6.4321	6.4749	6.3674
June	6.4566	6.4250	6.4811	6.3796
July	6.4609	6.4763	6.5104	6.4562
August (through 20 August)	6.5012	6.4789	6.5012	6.4608

Note:

(1) Annual average rates are determined by averaging the rates on the last business day of each month during the relevant year. Monthly average rates, which are determined by averaging the daily rates during the respective months.

CAPITALIZATION OF THE GUARANTOR

The following table sets forth the Guarantor's consolidated capitalization as at 30 June 2021 as adjusted to give effect to the issuance of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering. The following table should be read in conjunction with our consolidated financial information and related notes included in this Offering Circular.

	As at 30 June 2021			
	Actual		As Adjusted	
	RMB ('000)	*US$ ('000)*[(1)]	*RMB ('000)*	*US$ ('000)*[(1)]
Current borrowings				
Short-term loans	7,936,400.83	1,229,191.96	7,936,400.83	1,229,191.96
Non-current liabilities maturing within one year	1,493,766.16	231,354.92	1,493,766.16	231,354.92
Non-current borrowings				
Long-term loans	8,701,599.25	1,347,706.11	8,701,599.25	1,347,706.11
Bonds payable	14,273,326.29	2,210,656.74	14,273,326.29	2,210,656.74
Long-term payables	1,150,000.00	178,112.32	1,150,000.00	178,112.32
Bonds to be issued	–	–	3,228,300.00	500,000.00
Total borrowings[(2)]	**33,555,092.53**	**5,197,022.05**	**36,783,392.53**	**5,697,022.05**
Equity				
Share capital	2,329,007.80	360,717.37	2,329,007.80	360,717.37
Capital reserve	41,446,874.26	6,419,303.39	41,446,874.26	6,419,303.39
Less: Treasury shares	(693,512.30)	(107,411.38)	(693,512.30)	(107,411.38)
Total equity	**43,082,369.76**	**6,672,609.38**	**43,082,369.76**	**6,672,609.38**
Total capitalization[(3)]	**76,637,462.29**	**11,869,631.43**	**79,865,762.29**	**12,369,631.43**

Notes:

(1) The translation of Renminbi amounts into US dollar amounts and vice versa has been made at the rate RMB6.4566 to US$1.00, the exchange rate set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on 30 June 2021.

(2) Total current and non-current borrowings have increased since 30 June 2021 due to the incurrence of new borrowings.

(3) Total capitalization equals total borrowings (current portion and non-current portion) plus total equity.

There has been no material change in the Guarantor's consolidated capitalization or indebtedness since 30 June 2021.

DESCRIPTION OF THE ISSUER

Formation

The Issuer, Contemporary Ruiding Development Limited (时代瑞鼎发展有限公司), was incorporated in BVI on 24 June 2020 with limited liability under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 2038555). The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The registered office of the Issuer is located at Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands.

Business Activity

The Issuer was established for the purpose of issuing the Bonds and on-lending the proceeds to the Group's subsidiaries. The Issuer has not engaged, since the date of its incorporation, in any other business activities other than in connection with the issue of the 2025 Bonds, the 2030 Bonds and the proposed issue of the Bonds and any other activities reasonably incidental thereto.

Director

The director of the Issuer is:

Name	Position
ZHENG Shu	Director

The Issuer does not have any employees and has no subsidiaries.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of accounts as are necessary to give a true and fair view regarding the state of the Issuer's affairs and to explain its transactions.

Share Capital

The Issuer is authorized to issue a maximum of 50,000 shares with no par value each of a single class. As at the date of this Offering Circular, 10,000 ordinary shares of the Issuer credited as fully-paid has been issued to Contemporary Amperex Technology (Hong Kong) Limited, a wholly-owned subsidiary of the Guarantor.

No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. The Issuer does not have any debt outstanding other than the Bonds to be issued.

DESCRIPTION OF THE GROUP

OVERVIEW

We are one of the leading global suppliers of lithium-ion batteries for EV and energy storage systems. We focus on R&D, production and sales of EV batteries and energy storage systems and are committed to providing best-in-class solutions to various new energy applications across the world. We specialize in new energy application solutions, and have developed R&D and manufacturing capabilities in the full supply chain of power battery systems and energy storage systems for new energy vehicles, covering raw materials for batteries, battery cells, battery management systems, battery recycling and reuse, and lithium battery supplies. Leveraging our deep understanding of the Chinese and international markets and global resources, we offer tailor-made battery solutions to meet our clients' objectives. Through technological combination in software and hardware, and the material mechanism of self and external maintenance, our batteries achieve more cycles, longer life, better long-term performance and higher economic benefits. We have expanded end market applications for our power batteries in commercial application including road passenger transport, urban delivery, heavy-duty transport, urban street cleaning, construction machinery, vessel applications and special vehicle solutions.

Our sales volume of lithium-ion power batteries grew from 21.18 GWh for the year ended 31 December 2018, to 40.25 GWh for the year ended 31 December 2019 and has since reached 44.45 GWh for the year ended 31 December 2020. According to SNE Research, the EV battery installation of our power battery systems were 23.4 GWh, 32.5 GWh and 34.3 GWh for the years ended 31 December 2018, 2019 and 2020, respectively. We ranked first globally for three consecutive years amongst all EV battery brands, with a market share of 23%, 28% and 24%, respectively during the years 2018, 2019 and 2020. For the six months ended 30 June 2021, our power battery systems are distributed in 344 cities in 31 provinces in China and there are approximately 1.21 million passenger vehicles, freight cars, buses and coaches installed with our power battery systems in operation in China. Our power battery systems are suitable for extreme operating conditions including high temperature, severe cold, high humidity, high altitude, large temperature difference, mountainous regions, high-rainfall regions and megacities. From 2011 to 2020, our power battery systems have accumulated zero-accident safe mileage of approximately 127.0 billion kilometers.

Headquartered in Ningde City, Fujian Province, China, we have an established presence in the PRC and across different countries in the world with four R&D centers, six manufacturing bases and subsidiaries in China and worldwide. In Europe, we have also established subsidiaries and deepened cooperation with Germany MEET National Laboratory. We have also committed to build our first overseas manufacturing base in Thüringen, Germany. This new manufacturing base is under construction. We expect this new manufacturing base to commence operation in 2022 and aim to achieve a capacity of 16 GWh annually. We acquired North American Lithium Inc. to lead the transformation and upgrade of upstream industry chains to lock in raw material costs. We set up subsidiaries in North America to penetrate into local markets and strengthen our ties with local automakers to offer a wider range of localized services.

The Group has developed partnerships with renowned automobile manufacturers in the PRC and internationally. We have maintained long-term strategic alliances with leading domestic mainstream automobile manufacturers for both passenger and commercial vehicles, such as Yutong Bus, SAIC, BAIC, Geely Group, Fujian Motor Industry Group (King Long brand), CRRC, Dongfeng Motor, Changan Auto and GWM. We are also one of the few domestic suppliers in China to have established global presence by providing integrated product solutions to global renowned automobile manufacturers such as BMW, Toyota, Daimler, Hyundai, Jaguar Land Rover, PSA and Volkswagen.

In February 2020, we entered into a framework agreement with Tesla, Inc. to supply lithium-ion power batteries and we became the first Chinese battery supplier to Tesla for LFP batteries and has continued to explore collaborations with Tesla in overseas markets. In June 2021, we further entered into another agreement with Tesla to deepen the cooperation.

In August 2020, we have entered into a strategic partnership with Mercedes-Benz to create new battery technology to support the electrification of the Mercedes-Benz model portfolio. Together with the construction of our new manufacturing base in Thüringen, Germany, we are developing a service system in Europe to offer Mercedes-Benz competitive products, as well as a smooth supply and further increasing localization in procurement and purchase of battery products from our manufacturing base in Thüringen, Germany. In May 2021, based upon our shared vision of CO2-neutral electrified trucking, we intensified our existing partnership with commercial vehicle manufacturer, Daimler Truck AG. We will supply lithium-ion battery packs for the Mercedes-Benz eActros LongHaul battery-electric truck commencing 2024.

Apart from our EV power battery business, we have developed and diversified our business operations to include energy storage, battery recycling and lithium-ion battery material businesses. In April 2019, we entered into a cooperation agreement with Huawei, a China-based global provider of information, communications technology infrastructure and smart devices. We aim to facilitate further electrification and intelligent vehicle development through this partnership. In January 2020, we set up a joint venture company with State Grid Integrated Energy Service Group Co., Ltd. to focus on the development of energy storage systems for power grids. The system will maintain a smooth output of renewable energy sources with frequency regulation in power grids and base stations in providing uninterrupted power supply for industrial, commercial and residential uses. We also seek to enlarge our customer base by supplying of energy storage systems to power grid companies and industrial companies, both domestically and internationally. Our partners in our energy storage business include China Energy Investment Corporation, China Southern Power Grid Company Limited, Luneng Group Co. Ltd. and Next Energy Resources Co., Ltd., China Gas Company Ltd., China Energy Engineering Corporation and State Power Investment Corporation Limited, Fujian Yongfu Power Engineering Co., Ltd. and GLP China Holdings Limited.

The Group operates lithium-ion battery raw material recycling business in cooperation with Guangdong Brunp. Used lithium-ion battery materials are collected to extract valuable metals for recycling via recycling technology. Guangdong Brunp is the largest lithium-ion battery recycling company and a high-end lithium-ion battery material company in China. It was included in the China MIIT White List in 2018, and is viewed as a benchmark company in the global battery recycling industry.

Through extensive cooperation with automobile OEMs, we have accumulated vast experience, built a professional development and service team, and have established protocols and systems to predict and respond to challenges. With a complete system for the development and production of automotive batteries, we are engaged in comprehensive R&D activities focusing on technology innovation for battery performance. We believe that given our advanced and comprehensive equipment development capability and well-rounded testing systems; we strive to provide the best quality and 100% product traceability of all elements of our products from raw materials to finished products. We were granted the lithium-ion battery cell testing qualification by Volkswagen Group in June 2021 which is a strong testament to our standards and capabilities.

We are devoted to R&D to drive improvement and innovation in technologies applied in our products. We have accumulated almost 10 years of technological reserve and will continue to invest in our R&D efforts. Our total expenditure on research and development for the three years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 amounted to RMB1.99 billion, RMB2.99 billion, RMB3.57 billion, RMB1.30 billion and RMB2.79 billion, respectively. As at 30 June 2021, we owned more than 7,229 granted patents and pending patents.

In February 2020, our innovation lab was established and it became one of the first provincial-level innovation labs in Fujian province. We have fostered partnerships with reputable research institutions and laboratories around the world. Our domestic partners include Chinese Academy of Sciences, Tsinghua University, China Automobile Technology & Research Center, Institute of Energy Storage Engineering of the Chemical Industry and Engineering Society of China. For international partnerships, we work closely with Germany MEET National Laboratory and RxFF Consulting, LLC. In October 2020, we established Shanghai Jiaotong University-CATL Joint Research Center for the development of clean energy technology.

As at 30 June 2021, the Company has built up a strong global research team of over 7,878 full-time R&D personnel, which accounted for 18.16% of total staff headcount. We recruit members of our R&D team from several renowned universities and laboratories world-wide. Members of our team include six individuals listed on the Fujian "Hundred Talents Program".

The Group was established in 2011 by our Chairman, Mr. Zeng Yuqun. Mr. Zeng and the other founder team members are also the founders of ATL, a leading producer and innovator of lithium-ion batteries incorporated in 1999 which was subsequently wholly acquired by TDK Corporation in 2005. Since then, we have achieved constant growth through continuous innovation and became one of the leading companies in the EV battery market. We can identify and respond to new trends and opportunities in the market expeditiously and eventually become one of the leading power battery manufactures. Through the Group's commitment to new energy innovation, we have developed cutting-edge technology which has contributed to the overall financial performance of the Group, and our technological expertise is a core competitive advantage. In June 2018, we were successfully listed on the Growth Enterprise Market (GEM) board of the Shenzhen Stock Exchange. With a market capitalization of RMB1,238.0 billion as at 25 August 2021, we are the company with the largest market capitalization listed on the GEM Board.

For the business segment of EV battery, we aim to achieve all-rounded deployment of our resources, expand applications of innovation, and enhance our overseas presence through further enhancing cooperation with major PV companies and to actively explore overseas markets and form joint ventures with major PV brands to meet mainstream PV clients' demand while developing high-performance and low-cost products. We will carry out joint development with logistics vehicle customers and continue to expand the scale of our cooperation.

For energy storage segment, we aim to achieve global distribution through development into key regions and markets. We have strategically developed long-life and cost-efficient battery technology to provide smart power grid storage solutions. By focusing on the massive wind and solar power energy storage market, we expect to become a pioneer in the rapidly-growing energy storage market in China and keep pace with global expansion to seize growth opportunities. From time to time, we will explore new business areas including car-battery separation, aftermarket maintenance and repairs to further consolidate our leading position in the industry.

We are committed to investing in R&D to improve battery performance. Technological innovation helps us to enhance competitiveness. Our technology of CTP batteries was unveiled which safely and efficiently manages the battery cells and allows battery cells to be directly integrated into packs mounted on an electric vehicle. We add over 70 core patents in relation to CTP technology. Applying the CTP technology, the mass-energy density can be increased by 10% to 15% improving volume utilization efficiency by 15% to 20% and reducing the amount of parts needed for battery packs by 40%. A CTP battery can increase the system energy density from 180 Wh/kg to more than 200 Wh/kg. At the battery cell level, the energy density of our CTP batteries reached 240 Wh/kg in 2019. Our CTP batteries are 15% – 20% higher in space utilization with 40% lesser number of parts compared with other brands. Recently, we have developed the world's first NCM 811 batteries, which comprise 80% nickel, 10% cobalt and 10% manganese, providing a long lifespan and enabling electric vehicles to go with one single charge, enabling better performance of electric vehicles. In 2019, we achieved mass production and commercialization of the NCM 811 batteries. In early 2020, our development of the NCM 811 batteries achieving zero attenuation within 1,500 cycles creating a landmark long-life battery. Comparing battery performance with other leading brands in the market, our NCM 811 is 61% higher in battery pack energy density, 63% greater in capacity, and is able to support 83.5% longer mileage. Our super-fast charging technology also significantly improves the charging time. Batteries can be charged up to 80% state of charge in 15 minutes. We also applied long life technology to lithium-ion batteries featuring low lithium consumption anode, passivated cathode, bionic self-repairing electrolyte, microstructural design in electrode sheet, adaptive management of expansive force and life compensation technology, such that the service life of our batteries can reach 16 years or 2 million kilometers. Our batteries are characterized with an overall safety concept from battery cell to battery pack level, including energy storage systems with high-voltage platforms and an outstanding life cycle as well as electrolytes of a high safety level and a multilayer design.

We have three principal business segments, power battery systems, energy storage systems and battery recycling and lithium battery materials. We have shown a proven track record of growing operating income in the years 2018, 2019 and 2020, our operating income was RMB29,611.27 million, RMB45,788.02 million and RMB50,319.49 million, respectively, representing an annual year-on-year increase of 54.63% and 9.90%, respectively. Our operating income for the six months ended 30 June 2020 and 2021 was RMB18,829.45 million and RMB44,074.56 million, respectively. The following table sets forth a breakdown of our operating revenue by business segment for the years ended 31 December 2018, 2019, and 2020 and the six months ended 30 June 2020 and 2021:

	For the year ended 31 December						For the six months ended 30 June				
	2018		2019		2020		2020		2021		
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(US$' million)*	*(%)*
Power Battery Systems	24,515.43	82.8	38,583.53	84.3	39,425.82	78.4	13,477.52	71.6	30,450.87	4,716.24	69.1
Lithium Battery Materials and Battery Recycling	3,860.76	13.0	4,305.17	9.4	3,429.13	6.8	1,234.54	6.6	4,986.22	772.27	11.3
Energy Storage Systems	189.50	0.7	610.08	1.3	1,943.45	3.8	567.18	3.0	4,692.65	726.80	10.6
Others	1,045.58	3.5	2,289.24	5.0	5,521.09	11.0	3,550.21	18.8	3,944.82	610.97	9.0
Total	**29,611.27**	**100.0**	**45,788.02**	**100.0**	**50,319.49**	**100.0**	**18,829.45**	**100.0**	**44,074.56**	**6,826.28**	**100.0**

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success, distinguished us from our competitors and positioned us favorably for future growth opportunities.

Leading EV battery manufacturer globally with undisputed industry leadership in China and a fast-growing international presence

We are the global leader in developing, manufacturing and distributing world-class lithium power battery and energy storage systems, with a focus on providing best-in-class electric vehicle application solutions. According to the data from SNE Research, our global utilized capacity for power battery systems was 23.4 GWh, 32.5 GWh and 34.3 GWh in the years 2018, 2019 and 2020 respectively, ranking first among global battery manufacturer including Panasonic, LG Chem, BYD and Samsung SDI. Our utilized capacity accounted for a global market share of 23%, 28% and 24%, respectively in 2018, 2019 and 2020. The total production capacity of lithium battery and energy storage reached 65.45 GWh for the six months ended 30 June 2021 and the expected production capacity of our manufacturing base currently in construction amounts to 77.50 GWh. We have a fast-growing international presence and obtained international orders from mainstream automobile manufacturers based in Europe, North America and Asia (other than China). In China, our sales volume also ranked first in 2020 with a local market share of 50%.

We have an international first-class R&D team comprising over 7,878 full-time staff as at 30 June 2021. We have three R&D centers in Ningde City, Shanghai and Thüringen, Germany. In 2016, we established the CATL Academicians and Specialists Workstation to set up a platform for international knowledge exchanges, guiding the direction of our scientific research and training scientific research talents. As a high-tech enterprise, we are constantly investing in setting up and operating laboratories where we run our own test and verification center certified by the CNAS. We have also participated in the drafting of several national technical standards and specifications of the lithium battery industry, such as the Safety Requirements for Lithium-ion Power Batteries for Electric Passenger Vehicles (《電動客車安全技術條件》) and Safety Requirements for Lithium-ion Batteries for Energy Storage in Electric Vehicles (《電動汽車用鋰離子動力蓄電池安全要求》).

Over the past decade, we successfully entered into partnerships with several mainstream auto manufacturers in the PRC and abroad. In 2012, we have established a strategic partnership with BMW and became its key EV battery supplier. Our first overseas manufacturing base in Thüringen, Germany, is under construction and is expected to have an annual production capacity of 16 GWh of lithium-ion cells and modules when it commences operation in 2022. In February 2020, we entered into a framework agreement with Tesla, Inc. in relation to the exclusive supply of lithium-ion power batteries in China and entered into Tesla's supply chain. Tesla's mass production of Model Y will start in early 2021. In August 2020, we have entered into a strategic partnership with Mercedes-Benz to create new battery technology to support the electrification of the Mercedes-Benz model portfolio. Together with the construction of our new manufacturing base in Thüringen, Germany, we are developing a European service system to offer Mercedes-Benz competitive products, as well as a smooth supply and further increasing localization in procurement and purchase of battery products from our manufacturing base in Thüringen, Germany. In May 2021, based upon our shared vision of CO2-neutral electrified trucking, we intensified our existing partnership with commercial vehicle manufacturer, Daimler Truck AG. We will supply lithium-ion battery packs for the Mercedes-Benz eActros LongHaul battery-electric truck commencing 2024.

Strong beneficiary of the fast-growing lithium battery market driven by long-term megatrends related to decarbonization, electrification and mobility

Emissions compliance will strongly promote new energy vehicles over the next few years. In China, it has been historically driven by policies. New energy vehicles have no tailpipe emissions of air pollutants and are more energy-efficient and less noisy than conventional vehicles. As such, promoting greater use of new energy vehicles is a growing trend around the globe and there has been an increase in investment globally in the past few years. While we expect the number of global passengers for new energy vehicles. Furthermore, while the number of global passengers for new energy vehicles are expected to grow swiftly in the next five years, the PRC and Europe are expected to remain the largest markets for new energy vehicles. The governments have also promoted the use of new energy vehicles, increased the penetration of new energy vehicles in their countries or territories and sped up the efforts to push forward the transition to low carbon transport through greater use of new energy vehicles by setting out a clear policy and practical measures (for example, tax reduction/exemption, increased rebate for low-income families, strong government subsidies and/or innovative purchase/operating arrangements) with specific targets to motivate various stakeholders to support such effort. For example, the European Union sets its average emission target for new cars to be 95g CO2/km by 2021 and imposes penalty payment for excess emissions.

Competitive world-class battery products backed by strong R&D capabilities, technological leadership and production expertise

As a world-class material and energy solution provider, we pursue R&D missions not only to enhance our current performance but also to developing disruptive technology that goes beyond the limit of current businesses. Our steady R&D investments help us to secure new technologies and enhance our competitiveness. Equipped with a comprehensive electric vehicle battery R&D system which covers product research and development, engineering design, test verification and manufacturing and other fields, we have mastered the core technologies on nano-scale material development, process, cell, module, pack and battery management system ("**BMS**") development and development of digitized battery module. We have set up an Academicians and Specialists Expert Workstation in Fujian Province, our own provincial key laboratory for lithium-ion batteries, and a CNAS certified verification center.

To develop a "digital battery", we apply scientific engineering methodologies in our design and production, such as the V-model, which is a process model commonly adopted in the automotive industry for guiding through the development lifecycle. This model helps to improve the overall design and quality of our products while reducing total costs through the application of a standardized process model. In September 2019, we were recognized as one of the first eight "Intelligent Manufacturing Benchmarking Enterprises" to have reached 95% automation. We provide integrated product solutions and comprehensive full life cycle services to our global clients.

We have introduced leading battery cells with various high performance features, such as a fast channel for the simultaneous influx of many lithium-ions, which (i) improves the diffusion rate and ultimately achieving a battery mileage of 300 km with a 15 minutes-charge, (ii) improves the energy density of products to up to 250Wh/kg, (iii) passes several abuse testing with activation of active and passive protection devices; (iv) extends the battery's service life for a long-life battery cell up to 15 years with 1,500 charging cycles; and (v) improves the adaptability to extreme weather conditions, which maintains stable performance in temperatures ranging from -30 to 60 degrees Celsius. Our products are widely recognized in the industry for features of high energy density, safety and reliability, long lifespan and outstanding low-temperature performance.

We are committed to the development and protection of our intellectual property portfolio. Our patents, trademarks, trade secrets and other intellectual property rights are crucial to our continuing success. As at 30 June 2021, the Group had obtained 3,357 registered patents in the PRC, 493 registered patents overseas, and 3,379 pending patent registration applications. We are also committed to research and development of the battery management system (BMS) with independent intellectual property rights. We invest heavily to improve the intelligence level and performance of the BMS, which is the key to ensuring the overall performance of the power battery system. Our BMS design follows the ISO26262 development process and has more than ten national patents granted for its invention. It is compatible with AUTOSAR 4.0.

On 29 July 2021, we have released our first-generation sodium-ion battery, together with its AB battery pack solution – which is able to integrate sodium-ion cells and lithium-ion cells into one pack. Sodium-ion batteries will provide a new solution for the use of clean energy and transportation electrification, thus promoting the early realization of the goal of carbon neutrality which is the breakthrough of the bottleneck of sodium-ion battery technology.

Based on a series of innovations in the chemistry system, our first generation of sodium-ion batteries has the advantages of high-energy density, fast-charging capability, excellent thermal stability, great low-temperature performance and high-integration efficiency, among others. The energy density of our sodium-ion battery cell can achieve up to 160Wh/kg, and the battery can charge in 15 minutes to 80% state of charge at room temperature. Moreover, in a low-temperature environment of -20°C, the sodium-ion battery has a capacity retention rate of more than 90%, and its system integration efficiency can reach more than 80%. The sodium-ion batteries' thermal stability exceeds the national safety requirements for traction batteries. The first generation of sodium-ion batteries can be used in various transportation electrification scenarios, especially in regions with extremely low temperatures, where its outstanding advantages become obvious. It can also be flexibly adapted to the application needs of all scenarios in the energy storage field. The next generation of sodium-ion batteries' energy density development target is to exceed 200Wh/kg.

Sodium-ion battery manufacturing is perfectly compatible with the lithium-ion battery production equipment and processes, and the production lines can be rapidly switched to achieve a high-production capacity. As of the date of this offering circular, we have started our industrial deployment of sodium-ion batteries, and plans to form a basic industrial chain by 2023. We invite upstream suppliers and downstream customers, as well as research institutions to jointly accelerate the promotion and development of sodium-ion batteries.

High entry barriers to industry from long-term, stable customer relationships

We have strived to develop and strengthen our customer base upon founding. Our diversified customer base comprises major domestic and international automobile manufacturers and emerging electrical vehicle players. Nevertheless, our early entrance into the new energy vehicle market allows us to be well-recognized by our customers. We have established strategic collaboration with both domestic and international automobile conglomerates by entering long-term battery supply agreements. We have also set up joint venture companies with major domestic automobile manufacturers to enhance customer loyalty, to join efforts in R&D and to share the profits and capital expenditure costs.

By jointly developing new products with automobile manufacturers, we can have a more accurate understanding on our customers' technological requirements to tailor our products to suit our customers' needs. This will also result in enhanced customer loyalty and reliance. With our early involvement in their manufacturing cycle, the customers are inclined to maintain their cooperation with us throughout the lifetime of a vehicle model as the supplier qualification process of automobile manufacturers is a long and complicated procedure which may take 36 to 48 months from identifying international OEMs and Chinese domestic OEMs and 12 to 18 months for final certification, respectively.

Attributed to our experience and expertise, we have achieved a significant scale of shipment in comparison to our competitors and we have established a strong reputation in the industry. In addition to our strong market position, we have further consolidated our leading position in the industry through our outstanding scale of shipment of 46.84 GWh in the year ended 31 December 2020, and accumulating profound experience and knowledge over the years of operations. These factors serve as significant entry barriers to our potential competitors. Leveraging on these competitive advantages, we are continuously expanding our network to provide increasingly high quality, cost-effective and reliable products to meet the evolving demands for both domestic and international customers. According to SNE Research, we ranked the first in 2017-2020 four consecutive years among other top global suppliers of lithium battery market outperforming Panasonic, LG Chemical, BYD and Samsung SDI.

We have developed partnerships with several mainstream domestic and international automobile manufacturers, including Daimler, Hyundai, Volkswagen, Geely Group, Dongfeng Moto, SAIC, GWM and Changan Auto. For instance, we have established strategic partnership with BMW in 2012 and was the first Chinese battery company to have entered BMW's supply system and became its key EV battery supplier. We have been the sole battery supplier for BMW in Greater China since 2015.

Strong network of strategic partnerships in the battery value chain giving us bargaining power and effective cost control

We have established a comprehensive value chain with full-service capacities from sourcing of battery materials, production of battery and energy storage systems, to battery recycling and other related aspects. Coupled with our strong R&D capabilities and scale advantage, we have strong bargaining power in every stage of the value chain and can maintain competitive margins over our domestic and international competitors.

For the supply of minerals including lithium, cobalt and nickel, we carry out global sourcing to ensure supply stability and improved cost control. In the lithium power battery industry, we are the global leader for battery materials technological development with strong production expertise, top-tier product quality and supply capacity. We employ a mix of self-production, collaboration through joint ventures, direct purchase from external suppliers and other flexible approaches to structure a stable and efficient supply chain of battery materials. More than 90% of our battery materials and manufacturing equipment are sourced locally. We also maintain flexible cooperation with downstream customers, with the integrated product offerings, innovative business model, and well-rounded customer service to boost customer loyalty. Used lithium-ion battery materials are collected to extract valuable materials such as nickel and cobalt for recycling via our advanced recycling technology which can reach a recycle rate of more than 99%. Our well-established channels and production capabilities, key industry concern to closing the value chain loop can be resolved by our leading recycling technology which results in a sustainable EV battery ecosystem.

We manage our working capital by collaborating with our upstream suppliers and downstream customers. The large-scale procurement strategy which we adopt ensures our bargaining power for a competitive price. We have selective investments in upstream suppliers so as to better grasp any price movements, allowing us to ensure the stability of supplies and effective cost control of battery materials.

We also adopt a prudent approach in capital expenditure spending with strict project selection criteria. Our investments in battery material R&D are leading technological development and production capability in the industry. We shared our costs with downstream customers through the formation of joint ventures with OEMs which allows the sharing of capital expenditure outflow in proportion to the shareholding. We also enter into supply agreements with OEM customers to lock in raw material price fluctuations mitigating certain price risk on raw materials. In addition, in order to facilitate a better cooperation with upstream suppliers, our research institute works closely with suppliers to develop and produce new materials through independent research and development of patents and technologies. We also cooperate with domestic equipment manufacturers to develop customized equipment under the leadership of the Group's engineering center. As a result of our advanced technology, we have effectively reduced our capital investment and production costs, and have substantially improved our production efficiency. The Group has become the designated supplier of many reputable domestic and international automobile OEMs. Through joint product development and joint ventures, the Group has achieved design and supply chain optimization, strengthened our product competitiveness, and further consolidated our leading market position. Meanwhile, we provide favorable payment terms to certain customers based on their business and credit track records.

Highly experienced management team with deep industry insights and keen judgement

Our core management personnel have established strategic visions, gained intense knowledge in the industry, accumulated substantial experience and deep understanding in new power battery and related fields, and have demonstrated strength in providing accurate and keen judgments on market direction to better guide our technology roadmap. Mr. Zeng Yuqun, our Chairman and chief executive officer, has over 20 years of experience in the new energy solutions industry and business management. Mr. Zeng is responsible for the development, management and implementation of our strategy and business. Mr. Zeng is supported by a group of professionals with experience in the development, manufacturing, marketing and sales of new energy solutions. Mr. Zeng and the founder team, founded ATL in 1999, are the pioneer in the China's consumer battery industry, have become a global industry leader with a dominant market share and significantly stronger profitability than its peers. Our management team comprises industry leaders and experts who explore technological innovations and industrial applications of new energy solutions. Members of our core management team have an average of over 15 years of experience in the industry.

Strong financial flexibility from highly diversified sources of funding

We are a global leading power battery manufacturer with international investment grade ratings. Currently, we are rated BBB+ by Fitch, Baa1 by Moody's and BBB+ by S&P. We make use of diversified funding channels in order to manage our financing costs effectively. We have established close and long-standing relationships with key domestic and international financial institutions. As at 31 December 2020, we had total bank credit facilities of RMB149.19 billion (US$22.86 billion). As at 31 December 2018, 2019 and 2020 and 30 June 2021, the undrawn credit facilities amount was

RMB57.333 billion, RMB73.026 billion, RMB100.80 billion (US$15.45 billion) and RMB92.79 billion (US$14.37 billion), respectively. While we successfully obtained multiple onshore and offshore bank loans with favorable terms, we are also able to raise funds through both domestic and international capital markets.

We and certain of our subsidiaries have entered into loan agreements with foreign and domestic financial institutions, including but not limited to, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, DBS Bank Ltd., MUFG Bank, BNP Paribas, Industrial and Commercial Bank, China Merchant Bank, Bank of China, China CITIC Bank, Industrial Bank Co. Ltd. and China Everbright Bank.

In October 2019 and February 2020, we issued an aggregate principal amount of RMB1.5 billion onshore corporate bonds with a coupon rate of 3.68% due 2024, and an aggregate principal amount of RMB3 billion onshore corporate bond with a coupon rate of 3.63% due 2025, respectively. In September 2020, we issued an aggregate principal amount of US$1 billion 1.875% offshore guaranteed bonds due 2025 and an aggregate principal amount of US$0.5 billion 2.625% offshore guaranteed bonds due 2030. We will closely monitor market windows and policies to explore new financing channels, and continue to closely monitor our investment with the financing resources, especially to raise sufficient funds before making major investments so as to enhance our overall return on investment and efficiency of fund usage.

Equity financing is also one of our key funding channels. We have been successfully listed on the Shenzhen Stock Exchange in June 2018 which has provided us with an important opportunity for leap-forward development with the help of our access to the capital markets. In July 2020, we completed the non-public issuance of a 122,360,248 A shares to certain investors. In addition, we have project-level collaboration with our automobiles customers to co-develop on energy solutions, to reduce capital contribution from the Group and capitalize on the synergies achieved.

OUR BUSINESS STRATEGIES

We aim to become a world-class innovative technology company focusing on R&D, production and sales of new energy vehicles power battery systems and energy storage systems and providing best-in-class solutions to various new energy applications across the world. The Group will continue to focus on core power battery system business and will strive to capture any growth opportunities of the energy storage market, and to achieve diversification by creating new business models.

We are determined to expand our business scale, improve performance of operations, profitability, and to strengthen our business through implementing the following key growth strategies:

To enhance our core technologies by investing in R&D and accelerate the commercialization of technologies and product transformation

Our strong R&D capability has been the key to our success. It will continue to drive our future growth in the rapidly changing and competitive industry of power batteries, storage systems and lithium-ion batteries. Among the various R&D fields, our core technology in new energy solutions stands at the forefront of the industry.

To continuously improve our existing products and to maintain our established relationships with business partners, we aim to strengthen scientific research on new energy solutions through our research centers, and to upgrade our technology for improved user experience. We will continue to develop and launch the next generation of new energy solutions technology, focusing on product safety and user experience as well as catering to customers' preferences. The Group has independent R&D, procurement, manufacturing and sales capabilities for power batteries, storage systems and lithium-ion batteries to maximize our profit in the market. We believe that our continuous innovation is driven by customer demand and rapid market changes.

We have also applied our advanced design concept, which incorporates both upstream and downstream industries, to invent a series of safe, reliable and durable battery products for our customers in the market. In order to uphold our leadership in the market, we are committed to the advancement and cost-effectiveness of our technology.

To consolidate our market position and enhance our presence in domestic and international markets

Being the core battery supplier for numerous vehicle electrification projects in collaboration with renowned global and domestic automobile manufacturers, we have shown our commercial competitiveness, safety and technological capabilities in domestic and international markets. Through innovation, customer-oriented technology and specialized skills, we are leaping forward to secure our global leadership position in battery technology, while paving the way for enhanced brand recognition in the global automotive industry with innovative and cutting-edge technology.

To develop a comprehensive and sustainable industrial chain

We have already established a production service system with full capacities in battery materials, battery systems, battery recycling and other aspects. In order to facilitate better collaboration with upstream suppliers, our research institute works closely with suppliers to develop and produce new materials with independent research and development of patents and technologies. We will also strengthen our collaboration with domestic equipment manufacturers to develop customized equipment under the leadership of the Group's engineering center. Benefiting from the competitive advantage of our exclusive core technology, we aim to further reduce our capital investment and production costs, and improve our production efficiency. In terms of customer cooperation, we will continue to take advantage of our status as a designated supplier of many well-known domestic and international automobile enterprises. Through joint product development and joint ventures, we intend to further optimize our design and supply chain, strengthen our product competitiveness, and consolidated our leading market position. In addition, we are committed to the recycling of lithium-ion batteries to fulfill our social responsibility of constructing a sustainable and green supply chain.

To achieve and maintain high-quality management to strengthen our quality control and standardize operations

The new power battery industry has strict requirements for product safety and reliability. The Group's leading R&D design system and advanced intelligent manufacturing process, which allows for full-process traceability, full-scale inspection and remote monitoring, have ensured the safety and reliability of our products. By developing and implementing advanced internal control processes, we have emphasized on our product quality as it provides a significant advantage in the safety performance of our products, and has been highly recognized by well-known domestic and international automobile manufacturers.

We have developed multiple process testing methods to ensure that our products comply with relevant standards and satisfy customers' needs. Our software functional testing aims to validate product software features and software security features. We detail our material characterization testing to nanometer levels and consists of crystal structure and microstructure analysis, physical/chemical properties and thermodynamic analysis, electrolyte analysis and cell non-destructive testing. We verify the electromagnetic compatibility of the battery pack according to customer requirements and product specifications based on CISPR-25/ISO-11452/ISO-7637/ISO-10605/VW-81000 and other standards. The electrical reliability of the battery pack is also verified according to ISO-16750/VW-80000 and other standards.

To utilize renewable energy generation and energy storage to replace stationary fossil energy

Attributing to features such as high reliability, long service life and high energy efficiency of our battery systems, "renewable energy + energy storage" has more advantages in cost per kWh in the whole life cycle. Our energy storage systems provide energy storage and output management in power generation. The lithium-ion battery technology and renewable energy power generation technology form a joint system. Through the high-level consistency of cells and the powerful computing of BMS, we enable the power generation to restore a stable power grid, optimize the power output curve, reduce solar and wind curtailment, provide system inertia and the functions of frequency and peak modulation, increase the proportion of renewable energy in total power generation, and optimize the energy structure. Our storage systems provide smart load management for power transmission and distribution, and modulate frequency and peak in time according to power grid loads. Our lithium-ion battery energy storage system has various functions including capacity increasing and expansion, and backup power supply. It can adopt more renewable energy in power transmission and distribution in order to ensure the safe, stable, efficient and low-cost operation of the power grid. Our energy storage systems also provide users with a peak-valley electricity price arbitrage mode and stable power quality management. Our lithium-ion battery energy storage products have been successfully applied in large-scale industrial, commercial and residential areas, and been expanded its application to base stations, UPS backup power, off-grid and island/isolate systems, intelligent charging stations for optical storage charging and testing. Such applications help regions that lacks power grids maintain access to electricity, reduce electricity costs, ensure a stable power network, and achieve maximum social and economic benefits by using renewable energy to its greatest extent.

To utilize EV batteries to replace mobile fossil fuel energy

Our EV batteries provide ultra-long driving range with continuous innovation in energy density of single cells, battery pack design and energy system storage efficiency was to ensure ultra-long mileage. With rapid iterative material innovation, simplified product design and a constantly improving manufacturing process, we have made significant breakthroughs in system energy density and ultra-long range to enhance driving experience. We have an ultra-long service life traction battery system solution that perfectly satisfies the needs of operating vehicles which are frequently used, and enables them to achieve uninterrupted operation. Our small and light high-power cells are compatible with mainstream hybrid systems, which offer power instantly and in full, as well as being highly efficient and energy-saving.

To utilize electrification and artificial intelligence to realize integrated innovation of market applications

With the continuous electrification of e-mobility, new energy logistics vehicles have also been gradually put into operation on a large scale. In April 2020, Car Rental Shenzhen Co., Ltd. delivered electric logistics vehicles in batches to a famous Chinese logistics enterprise for terminal express delivery. These vehicles are equipped with our batteries, which will greatly improve delivery efficiency and at the same time, promote green logistics development. Logistics vehicles are operational tools for logistics and leasing enterprises, and using vehicles requires assessment on the cost of the whole life cycle. In addition, the logistics vehicle market is mainly oriented towards the last mile of online to offline (O2O). To ensure goods' safety and timely delivery, businesses have strict requirements for the cycle life, endurance mileage and charging speed of traction batteries. We provide customized electric logistics product solutions to effectively solve these problems.

In June 2019, we, together with Chinese mobility service company Hellobike and Ant Financial, established a joint venture with a total investment of RMB1 billion, which aims to provide battery-swapping services for two-wheeled electric vehicles. In this revolutionary cooperative project, we provide cutting-edge electricity-based solutions for two-wheeled electric vehicles leading lithium battery technology. Hellobike will open up its existing battery-swapping capacity and give full play to its established comprehensive offline urban network and efficient operation capability, while Ant Financial will provide all-rounded support platform entrance, user traffic and business system. Together, the three parties aim to build a comprehensive two-wheeler ecosystem, and provide green, intelligent and safe battery-swapping services for two-wheeled electric vehicle users.

To develop innovation in four dimensions, namely material chemistry structure system innovation, extreme manufacturing innovation, structure system innovation and business model innovation

We have developed an industry-leading intelligent manufacturing system, and constantly lead innovation in equipment and technology with the independent R&D of our top-notch technical team. With world-class production automation, intelligence, and production efficiency, our factories employ new technologies such as artificial intelligence, image recognition, machine learning, predictive algorithms and 5G. We have established five data platforms for R&D, testing, manufacturing, operation and after-sales, and these platforms supports the decision-making process for R&D and operation with over 100 billion big data assets. With our R&D platform in the field of intelligence, it provides users with a more economical, safer and user-friendly experience via the three major R&D layouts of intelligent sensing, computing and collaboration, and allows the free flow of energy and efficient configuration.

Our material innovation platform of electrochemical materials is based on our strong technical accumulation and advanced R&D capabilities in the electrochemical field, and through material screening, decoding and transformation enable us to explore electrochemical material systems with better performance, reliability and cost-effectiveness through higher efficiency. Our product innovation platform is an integrated innovation platform covering battery design, manufacturing and application. Based on an in-depth understanding of the characteristics of lithium-ion batteries and years of practical experience, we continuously achieve iterative innovation in products and always brings users new energy solutions that are leading in the industry. Our intelligent innovation platform is a R&D platform in the field of intelligence. It provides users with a more economical, safer and user-friendly experience via the three major R&D layouts of intelligent sensing, computing and collaboration, and allows the free flow of energy and efficient configuration.

CORPORATE MILESTONES

The following are a number of the key milestones in the corporate development of the Group:

2011	Founded in Ningde City, Fujian Province, China, focused on being the supplier of new energy solutions.
2012-2013	Established a strategic collaboration and developed power battery with BMW. Became the core power battery supplier of Yutong, the world's largest commercial vehicles manufacturer. Established Qinghai Contemporary and established the power storage system business segment.
2014	Engaged in the National New Energy Automobile Industry Technology Innovation Projects of "the Twelfth Five-Year".
	Established Contemporary Amperex Technology GmbH, the first overseas R&D center of the Group in Munich, Germany.
2015	Became the sole battery supplier of BMW in Greater China.
2016	Acquired Guangdong Brunp to commence the battery recycling business. Established Fujian Academicians and Specialists Expert Workstation and Fujian Key Laboratory. Engaged in the key projects of National Key R&D Program New Energy Automobiles Special Project and Smart Grid and Equipment Special Projects of "the Thirteenth Five-Year". Recognized as an Annual IP Outstanding Enterprise.
2017	Established wholly-owned subsidiaries in France, U.S., Canada and Japan for the development of international businesses.
	Established two joint venture companies with SAIC.
	Listed as the "National Technological Innovation Demonstration Enterprise".
2018	Established the first overseas manufacturing base in Thüringen, Germany. Set up joint venture companies with Dongfeng Motor Corporation and GAC Group. Listed on the Shenzhen Stock Exchange.
	Established the post-doctorate scientific research working station.
	Recognized by China National Intellectual Property Administration as "2018 National Intellectual Property Demonstration Enterprise".

2019	Established joint venture companies with Geely Group and FAW Group Corporation. Signed cooperative agreements with Toyota, Daimler Trucks and Buses China Ltd. Teamed up with the Fintech firm, Ant Financial Services Group, and Alibaba-backed bike-sharing startup Hellobike in relation to the investment of RMB1 billion to establish an electric bicycle battery joint venture for two-wheeler battery swapping platforms. Established energy storage JV with Fujian Nebula Electronics. Established energy storage JV with KSTAR.
2020	Established joint venture company with State Grid Integrated Energy Service Group Co., Ltd. Responsible for integration of the whole energy storage system in the largest grid-side station-type lithium-ion battery energy storage power station – Fujian Jinjiang Energy Storage Power Station (Phase 1) which was connected to the grid. Entered into the Tesla supply chain and became its first Chinese battery supplier for LFP batteries. Strengthened sustainable strategic alliance with Honda as supplier and for joint R&D through capital cooperation. Enhanced partnership with Mercedes-Benz in battery technology.
2021	Signed framework agreements for strategic cooperation with Zhaoqing Municipal Government, Guangdong Province Navigation Group, Guangzhou Public Transport Group Co., Ltd., and Guangzhou Environmental Protection Investment Group Co., Ltd. and invest in Zhaoqing, Guangdong to build a lithium-ion battery production base. Established joint venture platform, CATL Yongfu New Energy Technology Co., Ltd., with Fujian Yongfu Power Engineering Co., Ltd. focusing on integrated smart energy industry. Established Institute of Physics CAS-Contemporary Amperex Technology Co., Ltd. Clean Energy Joint Laboratory with Institute of Physics, China Academy of Sciences focusing on the fundamental research of physics and applied fundamental research.

Signed strategic cooperation agreement with State Power Investment Corporation Ltd. to integrate their respective advantages in the industry and strengthen cooperation in branding and marketing, technology and product development.

Signed strategic cooperation agreement with China Molybdenum Co., Ltd. to develop comprehensive strategic cooperation in the field of new energy metal resources.

Signed a 10-year strategic cooperation agreement with Great Wall Motor Company Ltd. for in-depth cooperation to enhance the linkage between supply and demand and exploit the synergy for competitive advantage so as to promote the development of new energy vehicle technologies to accelerate the drive towards carbon neutrality.

Signed strategic cooperation agreement with China Energy Engineering Corporation Limited to develop scientific and technological R&D, cooperation in energy storage products and industrialization and strengthen cooperative partnership in energy storage projects, business development in key regional and international markets.

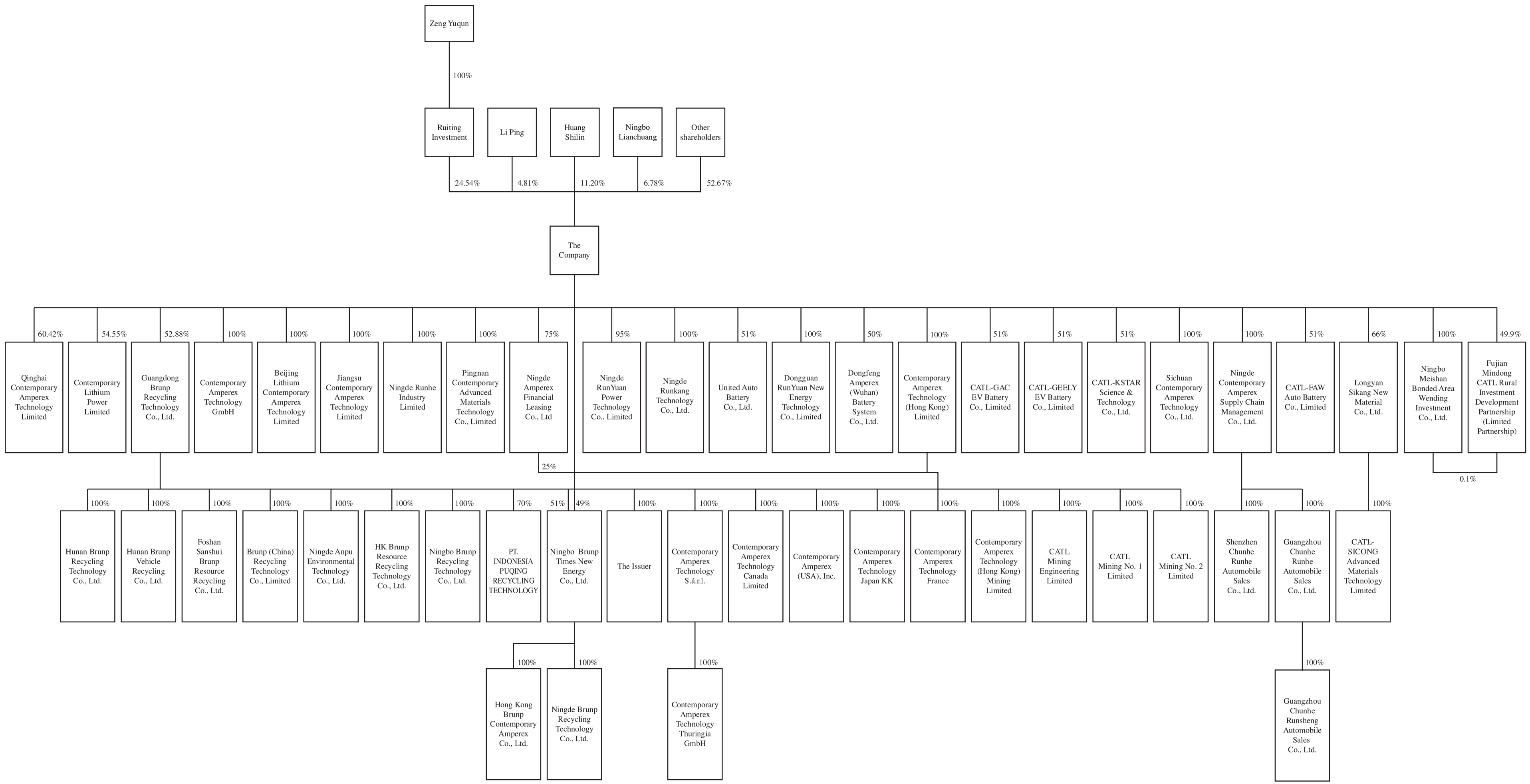
Signed strategic cooperation agreement with Towngas to cooperate in the fields of Internet of Energy, energy storage solutions, energy storage business model innovation, battery technology cooperation, semiconductor chips and equity investment and others, to jointly promote the transformation of the industry towards zero-carbon emissions.

Authority Certification and Accreditation

In November 2018, we obtained the CNAS certificate, which was issued by the PRC Certification and Accreditation Administration, and were recognized by all International Accreditation Forum (IAF) members on our product quality. We were also accredited as the "Single Champion Demonstration Enterprise" (單項冠軍示範企業) by the Ministry of Industry and Information Technology and China Federation of Industrial Economics during the same month. In September 2018, we established the National Engineering Research Center for electrochemical energy storage technology. In June and July 2018, we were awarded "China's Most Innovative Companies in 2018" by Forbes China, and "2018 National Intellectual Property Demonstration Enterprise" (2018國家知識產權示範企業) by China National Intellectual Property Administration. In May 2018, we were approved to run the National High-tech Industry Standardized Pilot Project by the Standardization Administration in the PRC. In January 2019, we were issued the ECE R100 E1 Certificate by the German Transport Ministry approval authority Kraftfahrt-Bundesamt (KBA) and became the first company in China to be accredited. In September 2019, we were selected as one of the "Intelligent Manufacturing Benchmark Enterprises" by the Ministry of Industry and Information Technology, and in October 2019, we were honored by Fortune as one of the "Top 50 Global Enterprises in the Future".

GROUP STRUCTURE

The following provides an overview of the shareholding structure of the Group's key operating subsidiaries and the Group's investment in associates and joint ventures as at 30 June 2021.



	% of ownership
I. Joint Ventures	
Shenzhen Senta New Energy Technology Co., Ltd. 深圳盛德新能源科技有限公司	28.38%
State Grid CATL (Fujian) Energy Storage Development Co., Ltd. 國網時代(福建)儲能發展有限公司	40.00%
II. Associates	
Beijing Pride Advanced Materials Limited 北京普萊德新材料有限公司	25.00%
Valmet Automotive Oy	23.08%
SAIC-CATL EV Battery System Co., Ltd. 上汽時代動力電池系統有限公司	49.00%
National New Energy Vehicle Technology Innovation Center 北京新能源汽車技術創新中心有限公司	47.43%
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd. 晉江閩投電力儲能科技有限公司	44.00%
Nanjing Karui Innovation and Entrepreneurship Management Service Co., Ltd. 南京市卡睿創新創業管理服務有限公司	10.00%
North American Nickel Inc	20.89%
Yibin Tianyi Lithium Industry Co., Ltd. 宜賓市天宜鋰業科創有限公司	15.00%
Qujing Ferrophosphorus Technology Co., Ltd 曲靖市麟鐵科技有限公司	40.00%
Fujian Ningde Zhixiang Infinite Technology Co., Ltd. 福建寧德智享無限科技有限公司	23.90%
Fujian Contemporary Nebula Energy Technology Ltd. 福建時代星雲科技有限公司	20.00%
GAC-CATL EV Battery System Co., Ltd. 廣汽時代動力電池系統有限公司	49.00%
Shanghai Kuaibu New Energy Technology Co., Ltd. 上海快卜新能源科技有限公司	49.00%
Pilbara Minerals Limited	7.60%
Ningxiang Jingli Brunp Environmental Technology Co., Ltd. 寧鄉金鋰邦普環保科技有限公司	25.00%
Zhejiang Meiqingbang Engineering Service Co. Ltd. 浙江美青邦工程服務有限公司	30.00%
Wuxi Langcun Investment Centre (Limited Partnership) 無錫琅村投資中心(有限合伙)	99.10%
Shanghai Ronghe Electronic Technology Financial Leasing Co., Ltd. 上海融和電科融資租賃有限公司	25.00%

BUSINESS SEGMENTS

We have three principal business segments, power battery systems, energy storage systems and battery recycling and lithium battery materials. We demonstrated a proven track record of growing operating income. In 2018, 2019 and 2020, our operating income was RMB29,611.27 million, RMB45,788.02 million and RMB50,319.49 million, respectively, representing an annual year-on-year increase of 54.63% and 9.90%, respectively. Our operating income for the six months ended 30 June 2020 and 2021 was RMB18,829.45 million and RMB44,074.56 million, respectively. The following table sets forth a breakdown of our operating revenue by business segment for the years ended 31 December 2018, 2019, and 2020 and the six months ended 30 June 2020 and 2021:

	For the year ended 31 December						For the six months ended 30 June				
	2018		2019		2020		2020		2021		
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(%)*	*(RMB' million)*	*(US$' million)*	*(%)*
Power Battery Systems	24,515.43	82.8	38,583.53	84.3	39,425.82	78.4	13,477.52	71.6	30,450.87	4,716.24	69.1
Lithium Battery Materials and Battery Recycling	3,860.76	13.0	4,305.17	9.4	3,429.13	6.8	1,234.54	6.6	4,986.22	772.27	11.3
Energy Storage Systems	189.50	0.7	610.08	1.3	1,943.45	3.8	567.18	3.0	4,692.65	726.80	10.6
Others	1,045.58	3.5	2,289.24	5.0	5,521.09	11.0	3,550.21	18.8	3,944.82	610.97	9.0
Total	**29,611.27**	**100.0**	**45,788.02**	**100.0**	**50,319.49**	**100.0**	**18,829.45**	**100.0**	**44,074.56**	**6,826.28**	**100.0**

Power Battery System

For the years ended 31 December 2018, 2019 and 2020, our operating income generated from our power battery system was RMB24,515.43 million, RMB38,583.53 million and RMB39,425.82 million, respectively, representing a year-on-year increase of 57.38% and 2.18%, respectively.

We have a well-established product portfolio offering battery cell, module and pack, with the main product of square batteries which are widely applied to electric PVs, buses, trucks and other specialty vehicles.

We emphasize the importance of R&D to us and have established a comprehensive R&D system covering product development, engineering and design, test and verification, and manufacturing technique, etc. Our products provide excellent performance in achieving start-stop, fast charge, long life, long-distance travel, among others, featuring high energy density, more charging cycles, safety and reliability. We have ranked number one in terms of sales for three consecutive years from 2017 to 2019 by Global and China Li-ion Power Battery Industry Report, 2019-2025.

We have developed an extensive client base over the years. In the 2019 Catalogue of Models of New-Energy Automobiles released by China MIIT, the number of models installed with power batteries supplied by us rank at the top of the catalogue (over 1,900), accounted for 41.5% of the total number. Our domestic clients include the traditional auto players such as SAIC, Geely Group, Yutong, BAIC, GAC, Chang'an Auto, Dongfeng Motor, King Long and JMC as well as new auto companies including NIO, Weltmeister and Xpeng. We are one of the few power battery solution providers in China which supply to international auto brands. Throughout the years, we have established in-depth cooperation with BMW, Toyota, Daimler, Hyundai, Jaguar Land Rover, PSA, etc..

Energy Storage System

For the years ended 31 December 2018, 2019 and 2020, our operating income generated from our energy storage system was RMB189.50 million, RMB610.08 million and RMB1,943.45 million, respectively, representing an annual increase of 221.94% and 218.56%, respectively.

Our energy storage products include cell, module, electric box and battery cabinet, with LFP as main cathode material. The main product is square battery which is used in energy storage facilities such as large-scale solar and wind power plants, industrial enterprises, commercial buildings, data centers, charging stations, communication bases and etc. Through the application of our advanced technologies, our products are sustainable and cost competitive. The modularized design ensures high reliability and electromagnetic compatibility of our products, and enables our products to overcome the irregular output in wind/solar power generation compensating for line loss and achieving curve tracing, peak load shifting, thereby generate power more efficiently. In the White Paper on Energy Storage Sector released by China Energy Storage Alliance ("**CNESA**"), we ranked first in terms of capacity of energy storage in 2019 and 2020 consecutively in China.

Battery recycling and Lithium Battery Materials

For the years ended 31 December 2018, 2019 and 2020, operating income generated from our lithium battery materials was RMB3,860.76 million, RMB4,305.17 million and RMB3,429.13 million, respectively, representing an annual increase of 11.51% from 2018 to 2019 but an annual decrease of 20.35% from 2019 to 2020, respectively.

We operate a lithium-ion battery raw material recycling business in cooperation with Guangdong Brunp Recycling Technology Co., Ltd. ("**Guangdong Brunp**"). Through recycling technology, we collected used batteries and extracted valuable metals for recycling. Furthermore, several national policies have been published in recent years to promote the battery recycling industry, such as "Interim Measures for the Management of Recycling of Power Battery of New Energy Vehicle".

Guangdong Brunp is the largest lithium-ion battery recycling and high-end lithium-ion battery material company in China. It was included in the China MIIT White List in 2018, and is viewed as a benchmark company in global battery recycling industry. According to GGII, Guangdong Brunp accounted for 40.6% of the market share of China's battery recycling industry in 2017 and 34.8% in 2018. Guangdong Brunp adopts a set of unique synthetic extraction technique on recycling featuring high efficiency. Different metal elements can also be recycled together. Recovery rates of nickel and cobalt are both above 99.3% and the recovery rate of lithium is above 80%. Guangdong Brunp has a 120,000 tonne capacity for waste battery disposal, which account for about 51% of the domestic waste battery recycling capacity in the PRC. Guangdong Brunp has a well-established battery recycling network. Smaller lithium-ion batteries are recycled through its self-operated outlets, and larger ones are recycled through the Group's after-sales-service system.

The battery recycling process starts at the design stage of our standardized, universal and easy-to-dismantle batteries with dual life planning for power battery systems and energy storage systems. The high residual value of our batteries will improve the value of echelon use. Retired electric vehicles batteries are reused for energy storage.

BUSINESS OPERATIONS

Principal Business Models

Revenue Model

We are a leading global supplier of power battery systems and we mainly engage in the development, production and sales of power battery systems, energy storage systems and battery recycling products. We have an independent research and development, procurement, production and sales system, and we achieve profitability mainly through the sale of lithium-ion battery systems, energy storage systems and lithium battery materials.

R&D Model

Our products are predominantly self-developed from our own in-house R&D. With an experienced R&D team as well as extensive and in-depth external cooperation, we have established a market-oriented, multi-segmented and collaborative R&D model internally and externally. Furthermore, we have established a standardized and efficient R&D system. Our R&D adopts an integrated product development approach by forming a team for each project. The final product would be reviewed by a cross-departmental product decision-making committee. When a project has been established, the project team will work closely to co-ordinate on subsequent product development, production, raw material procurement and cost control. During the development process, any issue and risk identified will be reviewed and resolved promptly, especially at crucial stages such as trial production and mass production. The product decision-making committee will evaluate the risks and make a final decision.

Procurement Model

Our procurement sector consists of both raw material procurement which include four main aspects: selection of qualified suppliers, signing of framework agreements, verification of product supplier and price negotiation.

Production Model

Our production is largely based on customer orders supplemented by our own production plans, which are in accordance with the actual sales order and delivery schedule. The sales department would send these information to the operation center to arrange for the workflow according to our production capacity.

Sales Model

We carry out technological exchange with automobile manufacturers according to their demands and come up with matching solutions. We are able to establish a solid and long-lasting supply relationship with them after sufficient testing and verification. Once the product type, models, prices and other specifications of the supplied goods are confirmed, both parties will maintain a stable collaborative relationship thereafter.

We have entered into supply agreements with many renowned domestic and international automobile manufacturers and have been delivering our products and after-sales services to them accordingly.

Quality Control

We have established a product safety and quality committee and have promoted the concept of product reliability at the product development stage. During the key evaluation process, the closed-loop quality management system is further strengthened by the support of the information system. For instance, our quality management depends on the collaboration of all departments related to production. These departments share data through formulating and monitoring the technical indicators, quality control and environmental parameters, quality control standards, as well as the control parameters for the product requirements. Furthermore, our employees receive trainings on quality-control regularly.

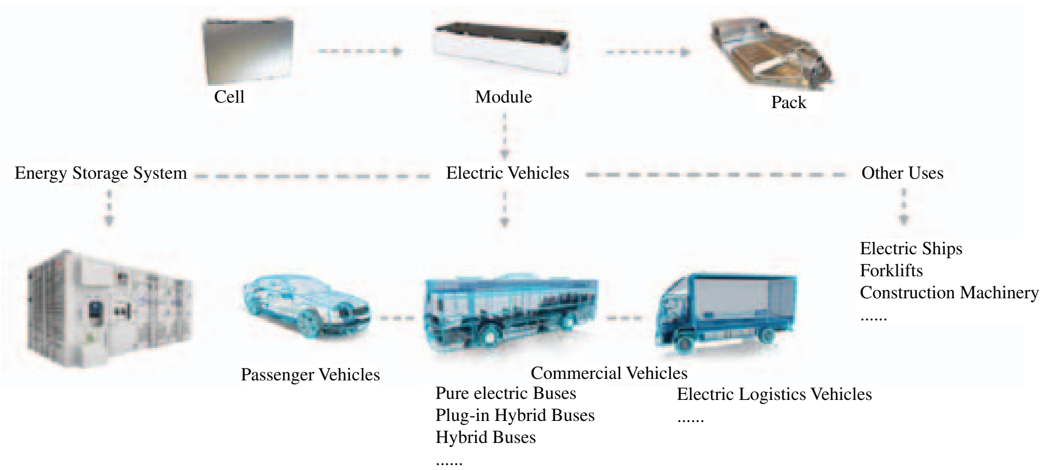
OUR PRODUCTS

Leveraging on our technological competence, we have established an integrated system that guarantees product safety. Advanced technological features are embedded into our product design, manufacturing, integration, BMS management, after-sales service, and recycling. Numerous core technologies are employed to represent the top status of China's power battery industry.

Our technology provides extensive tailored or jointly-developed solutions based on clients' and specific application requirements.

Power batteries

Our power battery products include, but are not limited to battery cells, modular/electrical boxes and battery packs. These products have been applied in various sectors, ranging from new energy vehicles (both passenger and commercial) and other "new energy transportation" to non-transport-related mobile machinery. Attributed to our features of fast charging (charging up to 80% capacity in 15 minutes), long lifespan (maximum range of 2 million kilometers with a life span up 16 years), long cruise range and other functional strengths, our products are of high energy density, multiple charging cycles, and are safe and reliable. Our battery products have zero degradation in 1,500 cycles with over 6,000 cycles with 10%-15% increase in energy density. We are committed to design products with unique features, such as dust prevention and waterproof. According to the requirements of the specific industrial sector and the needs of our customers, we provide tailor-made product solution designs by way of customization and joint research and development to satisfy the different needs of our customers.



Our new power battery products are mainly prismatic batteries, and our power battery systems can satisfy various functional requirements of our customers. While the battery cell is the core and basic structural unit of the power battery product, a module is formed by compiling these battery cells. Certain number of battery cells are put together to form a module which is further assembled into a battery pack, along with other control/protection systems such as BMS, cooling system, before it is installed in electric vehicles. We sell all three forms of EV batteries – cells, modules and packs – to our customers based on their needs.

With NCM batteries as the core battery chemistry used in the battery pack, the Group's products satisfies the requirements of high energy density, long-distance travel, safety and reliability. Such technology has been widely applied in battery electric vehicles (BEV), plug-in hybrid electric vehicles (PHEV), hybrid electric vehicles (HEV) and the starter systems of micro-hybrid vehicles.

As a core component of new energy vehicles, the production and development of power batteries have to be aligned with the specific needs of vehicle manufacturers' models, and have to be done together with the entire vehicle specification as a whole. Per industry practice, only products that have passed their internal inspection and testing can be assembled into the corresponding vehicle model. As such, battery suppliers are required to conform to a higher technical standards in R&D, a deeper understanding and experience of industry application and higher-quality product design. It takes a substantial period of time from the initial development of the power battery model to the sales and marketing of the power battery, which involves a comprehensive process ranging from project design, scheme design, trial production, sample testing, joint debugging and joint testing, national standard certification, product finalization, product review by the Ministry of Industry and Information Technology, and finally, introduction of the product into the market. Generally, automobile manufacturers will not easily switch power battery system suppliers once the battery system suppliers are in the panel as a qualified supplier. As a result, automobile manufacturers usually strive to establish a long-term and stable supply relationships with power battery suppliers, and a higher reliance on the battery system suppliers.

Our main products and their applications are as follows:

- **Passenger vehicles**

  In electric passenger vehicles, we mainly use ternary materials as cathode materials in our power batteries. They have been widely used in the start-stop system in pure electric passenger cars, plug-in hybrid passenger cars, hybrid passenger cars and micro-hybrid passenger cars. The operating cycles of PV batteries are long which can support 8-year or 150,000 km of drive while long-life batteries for buses can last for 15 years or 12,000,000 km of drive. The battery status can be analyzed and confirmed through big data and recyclable batteries can be quickly identified.

- **Commercial vehicles**

  In electric buses, we mainly use lithium iron phosphate as the cathode material in the Company's power batteries. At present, it has been widely used in pure electric buses, plug-in hybrid buses and hybrid buses, such as city buses, business travel buses, shuttle buses, and so on.

For electric logistics vehicles, ternary materials or lithium iron phosphate are used as the cathode material of the Company's power batteries. Currently, our products have been supplied light trucks, light buses, minivans, and so on. Besides, except for electric logistics vehicles, the Group also explores other special vehicle markets and provides customized solutions to customers, such as sanitation vehicles and port trailers.

- **Others**

  Our power battery products are also widely used in other electric travel vehicles and non-road mobile machinery, such as electric ships, two-wheeled electric vehicles, forklifts and construction machinery.

Energy Storage System

Energy storage products have been widely used in a diversified area including smooth output of renewable energy, grid frequency modulation, communication base stations, commercial and industrial buildings, and household energy storage. The Group provides safe, reliable and long-lasting performance with our energy storage solutions, which are optimized for a range of customers from residential to utility-scale projects. Our energy storage system includes batteries, modules, electric boxes and battery cabinets, which can be used for power generation, transmission, and distribution of electricity. Our energy storage system covers supporting equipment for large-scale solar or wind power generation energy storage, energy storage in industrial enterprises, commercial buildings and data centers, energy storage charging stations, communication base stations, backup power supplies, household energy storage, etc. By introducing our lithium battery energy storage system, output fluctuations of wind or photovoltaic (PV) power generation can be eliminated. Our energy storage systems are able to effectively overcome the irregularities in wind power or solar power generation output and maximize energy utilization. They are also capable of making up for power losses resulting from circuit loss by tracking the peak-valley electricity levels in order to achieve high efficiency utilization of new energy. By effectively improving the energy utilization rate of wind and PV power generation systems, our products are able to strike a balance between peak and valley electricity levels in terms of electricity consumption.

Lithium-ion battery materials

Lithium is the lightest solid metal and with the lowest density and greatest electrochemical potential, which results in excellent energy performance. Its high electrochemical potential (ability to transmit electrons) makes it a powerful component in batteries. We can also recycle nickel, cobalt, manganese and other valuable metals from discarded lithium-ion batteries by processing, purification, synthesis and other processes to produce ternary materials required for lithium-ion battery manufacturing, so that nickel, cobalt, manganese and lithium resources can be recycled.

PRODUCTION

The Group production procedures include the manufacture of power batteries, modular/electrical boxes, battery packs and raw materials for lithium-ion batteries. The production schedule mainly depends on the deadlines and order size of each customer's order, subject to our production facilities' capacity.

Battery Cells

Under a strictly controlled dust and humidity conditions in the manufacturing environment, our production department will inspect, mix and stir the raw materials in appropriate proportions for the production of positive and negative electrodes. While the cathode of the battery will be coated on aluminum foil, the anode of the battery will be coated in copper foil. The cathode and the anode will then be separated by a separator, wound up on a coil core and tested with heat, pressure, resistance and X-rays. The processed coil core will then be heated up in a vacuum and finally filled and sealed in the metal shell. After a series of testing, the battery cells will be classified and inspected before delivery to the customers.

Battery Modules

The batteries will be cleaned and paired with their respective side plates and other components required by each modular/electrical box, then assembled and welded together. After that, the side plates and the bottom plate will be welded and assembled. After passing the internal resistance test on the insulator inside, the modular/electrical boxes will be covered by top plates and delivered to the warehouse.

During the production process, we adopt topology optimization and topography optimization in the concept design phase. We conduct size optimization, thermal analysis and heat loss control at the early stage of the design process of the modular/electrical box. In addition, we carry out impact and pressure tests during the design process to ensure safety of the final products. Therefore, our modular/electrical boxes are reliable, durable, safe and lightweight.

Battery Packs

The completed modular/electrical boxes will then be assembled with the connectors and the cooling system, and be installed into the respective shells with high and low voltage wires. After passing the tests on the cooling system and airtightness on the battery packs, the battery packs will be delivered to the warehouse.

Raw Materials for Lithium-ion Batteries

We apply a three-stage battery recycling technology to manufacture the ternary precursor, which contains the raw materials for producing lithium-ion batteries.

Firstly, the residual power in the used batteries will be discharged and processed and the harmful substances in the used batteries will be removed under high temperatures. The processed batteries will then be squashed and collected by the Group's self-developed squashing and collecting system to separate the positive and negative electrode powders, positive current collector, negative current collector and the positive electrode shell.

Secondly, the metallic compounds of cobalt, nickel and manganese extracted from the positive electrode powder will be dissolved in acid and extracted after removing iron, calcium, magnesium, copper, aluminum and other impurities from the acidic solution.

Finally, the ternary precursor could be produced after a series of chemical reaction, drying, and filtering the impurities.

Production Facilities

We manufacture all of our products at our production facilities and do not outsource our production to any third-party manufacturers. We believe that such arrangements enable us to better protect our proprietary expertise and other intellectual property rights as well as to consolidate our knowledge and expertise which is important for the Group to optimize production efficiency. As at 30 June 2021, the Group operated five domestic manufacturing bases in China including Ningde, Xining, Liyang, Yibin and Zhaoqing.

Production Expansion Plan

We have planned to invest no more than EUR1.8 billion in the establishment of our overseas production sites in Europe, with the first production facility in Thüringen, Germany and it is expected to commence production in 2022 with a planned capacity of 16 GWh.

On 26 February 2020, our Board passed resolutions to resolve the establishment of a new plant in Cheliwan, Jiaocheng District, Ningde City, Fujian Province, China, of which the proposed investment amount, not exceeding RMB10 billion, is to be financed by the Group's internal financial resources. We expect the construction of the plants to complete within two years and the total gross floor area of the plants is of approximately 1,300 acres.

PROCUREMENT OF RAW MATERIALS, PARTS AND COMPONENTS

The Group's procurement of raw materials consists of a four-stage procedure:

Firstly, the Group's procurement department will form an evaluation committee with the quality control center and engineering center to evaluate the suppliers named on the suppliers list shortlisted by the procurement department. The evaluation committee will examine each supplier's production capability and the samples provided by them, in accordance with internal quality control and other requirements. After a thorough evaluation, the evaluation committee will record the results and confirm the final qualified suppliers.

Secondly, the Group will enter into the annual procurement agreement, confidentiality agreement, anti-corruption agreement, etc. with the selected supplier, in accordance with internal control requirements imposed by the procurement department. If we have a special project with a particular supplier, we will sign a separate contract with that supplier based on the specific circumstances.

Thirdly, all direct raw materials and outward processing materials for production we procured will be examined by our quality control center and the engineering center and quality control center will examine all indirect raw materials.

Finally, the selected suppliers will provide quotations for their raw materials to be examined by the Group's independent cost audit department. The Group's procurement department will negotiate the terms and conditions to ensure the raw materials are purchased at reasonable costs, based on our procurement volume and price fluctuation in the market.

QUALITY CONTROL AND PRODUCT SAFETY

We have established a product safety and quality committee, which is supported by our information system to implement our quality control measures to ensure the reliability of the batteries we produced at the beginning of our product development cycle.

Our quality control measures are implemented across different production departments in the Group and each of them has its own control procedure to ensure we produce the products according to the initial design. The quality control procedure includes: (i) the product center will circulate the control parameter on the product specifications; (ii) the engineering center will control and monitor the control parameter; (iii) the factory and construction department will set up a series of environmental parameter during the production process and monitor their compliance; (iv) the quality inspection center specifies the relevant quality control standards and inspects the technological parameter during the production process; and (v) the operation center will provide training to the employees on quality control.

BRAND, MARKETING AND SALES

We market our leading battery cells by certain characterized features including: "EnerSpeedy", "EnerMagic", "EnerLasting", "EnerDura" and "EnerClimate".

EnerSpeedy

The ground-breaking "fast ion ring", "super electronic network", "isotropic graphite", "superconducting electrolyte", "high porosity separator technology", "multi-grade electrode", "multi-tab technology" and "anode potential monitoring" technology establish a super-fast channel for the simultaneous influx of a large number of lithium-ions, which improves the saving time by charging up to 80% state of charge in just 15 minutes.

EnerMagic

The Group uses nickel manganese cobalt oxide as one of the core materials to significantly enhance the energy density of products to a maximum of 240Wh/kg.

EnerLasting

Our battery products have passed a number of battery fire and abuse tests with active and passive protection devices activated. It is always the Group's top priority to ensure user safety.

EnerDura

Our long-life battery cell extends our battery's service life up to 15 years with 15,000 charging cycles.

EnerClimate

Our battery is designed to adapt to extreme weather conditions, which results in stable performance in temperatures ranging from -30 to 60 degrees Celsius.

RESEARCH AND DEVELOPMENT

We are devoted to R&D to drive improvement and innovation in technologies applied in our products. We have accumulated almost 10 years of technological reserve and will continue to invest in our R&D efforts. Our total expenditure on research and development for the three years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 amounted to RMB1.99 billion, RMB2.99 billion, RMB3.57 billion and RMB2.79 billion, respectively. As at 30 June 2021, we had obtained 3,357 registered patents in the PRC, 493 registered overseas patents, and 3,379 patent registration applications were pending.

We emphasize and focus on independent innovation. Focusing on the study of basic scientific disciplines, we are devoted to constructing innovative breakthroughs from basic science. Through molecular structure building, our research team aims to design a chemical system that can satisfy advanced performance requirements. Our knowledge in electrochemical theories helps us to study and understand the essential working mechanisms of the lithium-ion battery and to substantially improve our material and battery performance through conducting further research on functionality and processability. We provide practical data support for the research and development from molecules to battery packs by simulations. We also conduct comprehensive studies on molecular and material properties to provide applications and improvement programs with characterization verification tests.

In February 2020, CATL Innovation Lab was established and became one of the four provincial-level innovation labs in Fujian province. We have fostered partnerships with reputable research institutions and laboratories around the world. Our domestic partners include Chinese Academy of Sciences, Tsinghua University, China Automobile Technology & Research Center, Institute of Energy Storage Engineering of the Chemical Industry and Engineering Society of China. For international partnerships, we work closely with Germany MEET National Laboratory and RxFF Consulting, LLC.

We have invested substantially in R&D by building a test center for integrating analysis and improving testing ability. We have been authorized by CNAS to issue test reports independently. As at 31 December 2020, we have carried out over 334 standard tests for our batteries including 120 performance tests, 40 safety tests and 109 reliability tests. While insisting on independent research and development, we have established strong cooperation with renowned domestic and foreign enterprises, universities and research institutes, and lead and participated in the formulation or revision of more than 50 domestic and international standards. We have developed multiple process testing methods to optimize our existing testing mechanism. Our software function testing aims at validating product software features and software security features. Our detailed material characterization testing focuses on nano-level testing and consists of crystal structure and microstructure analysis, power level physical/chemical properties and thermodynamic analysis, electrolyte analysis and cell non-destructive testing. We verify the electromagnetic compatibility of the battery pack according to customer requirements and product specifications based on CISPR-25/ISO-11452/ISO-7637/ISO-10605/VW-81000 and other standards. Electrical reliability of the battery pack is also verified based on ISO-16750/VW-800000 and other standards.

As at 30 June 2021, the Company has built a strong research team of more than 7,878 full-time R&D personnel, which accounted for 18.16% of total staff headcount. We recruit members of our R&D team from a number of renowned universities including Chinese Academy of Sciences, Tsinghua University, Shanghai Jiaotong University, Xiamen University and Beihang University and laboratories world-wide. Members of our team include six individuals listed on the Fujian "Hundred Talents Program".

After years of technological development and operational experience, our power battery system has achieved an outstanding overall performance and long-lasting service life.

INTELLECTUAL PROPERTY RIGHTS

We are committed to the development and protection of our intellectual property portfolio. Our patents, trademarks, trade secrets and other intellectual property rights are crucial to our continuing success. As at 30 June 2021, the Group had obtained 3,357 registered patents in the PRC, 493 registered overseas patents, and 3,379 patent registration applications were pending.

COMPETITION

The industry in which we operate is characterized by intense competition among domestic new energy companies and international companies. While we consider our major domestic competitors to be other new power battery companies in China with a national presence, we also compete with international companies, such as Panasonic, LG Chem, BYD and Samsung SDI, throughout all of our product lines. In addition, we may be subject to competition from new entrants in the future.

As a global leader in offering new energy applications solutions, we believe that our strong and continuous R&D abilities, scalable production capability, outstanding controlling core technologies, established and extensive customer and supplier relationships, strategic cooperation with global leading brands, wide spectrum of product portfolio, experienced management team and talent pool provide us with a competitive advantage over existing and potential competitors.

ENVIRONMENTAL PROTECTION AND WORKPLACE SAFETY

Our production mainly involves lithium-ion batteries and lithium battery materials. While the Group has been classified as pollutant discharging entities by the Ministry of Environmental Protection, we are fully aware of our responsibility to respect and preserve the natural environment, and our obligation to operate in a socially and environmentally sustainable manner. We aim to promote a higher recycled resource utilization ratio and production waste recycling rate while devoting ourselves heavily in R&D for better energy-saving performance of our products.

Waste management

We are subject to the environmental laws and regulations of the jurisdictions in which we operate. These laws and regulations empower the relevant government authorities to impose fees for discharging of wastes, levy fines for offences, or make closure orders on any manufacturing facilities which fail to comply with relevant environmental laws and regulations. According to the relevant PRC environmental laws and regulations, the construction, expansion and operation of our production facilities are subject to certain environmental impact assessments, government inspections and other relevant PRC government environmental approvals.

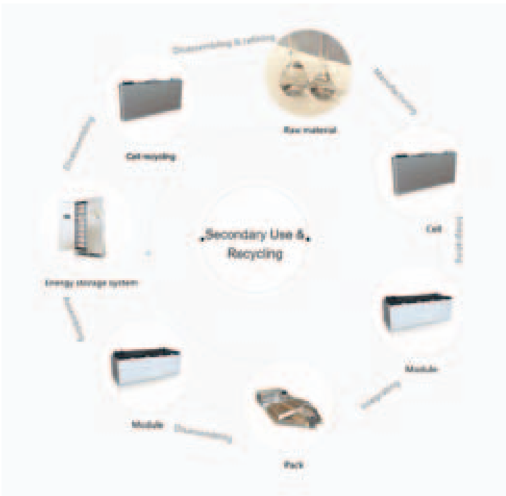
As our production processes generate noise, waste water, gases and other industrial waste, we are required to comply with applicable national and local environmental regulations, e.g., the Emission Standards of Pollutants for Battery Industry (《電池工業污染物排放標準》) and the Integrated Wastewater Discharge Standard (《污水綜合排放標準》), the Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boiler (《鍋爐大氣污染物排放標準》) of the PRC. The

Group may be subject to potentially significant monetary damages and fines, suspensions or closures of our business operations for any failure by the Group to control the discharge of hazardous substances. As of 2020, there were no environmental pollution accidents or environmental disputes, nor were there any administrative punishments on environmental protection of any kind imposed against the Group.

The temporary storage site of our general industrial solid waste has strictly complied with the requirements of construction, maintenance and use in accordance with the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes (《一般工業固體廢物貯存、處置場污染控制標準》). This solid waste will be sold or consigned to third parties for better and comprehensive utilization while the price of this solid waste fluctuates with the price of raw materials. Further, industrial hazardous waste is maintained and disposed of in accordance with the requirements of the Standard for Pollution Control on the Storage and Disposal Site for Hazardous Industrial Solid Wastes (《危險廢物貯存污染控制標準》). It will be handled by a professional recycling enterprise qualified for hazardous waste disposal and we are responsible for paying the processing fees. The processing fees are relatively stable.

Recycling

We have invested heavily to establish a closed loop recycling industry chains. Our product design is executed with a dual life planning so as to enable continuous use of the product in energy storage systems after its service for the electric vehicle is completed. A diagram of our dual life planning follows:



EMPLOYEES

As at 31 December 2020, we had a total of approximately 30,793 employees. Considering the strong demand and the intensified competition for talents during the rapid development stage of the Group, we provide competitive remuneration packages for our employees based on their merits, qualifications and competence. The remuneration package for our employees includes salary, discretionary performance-based bonus, allowances and other fringe benefits. Key employees are admitted into long-term incentive plans. Meanwhile, we also take into account the inflation rate and market rates in determining the salaries for our employees. We pay social security insurance for our employees. In accordance with the applicable PRC labor and safety regulations, we are required to pay, on behalf of our employees, a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing fund.

We are committed to promoting personnel development and provide training programs for our employees. By cultivating talents at all levels, we aim to improve the abilities and qualification of our employees to support the development of the Group.

The employee training programs mainly focus on professional skills, leadership, generic skills and certification training. Nevertheless, we have established management and incentive mechanisms for our internal training systems, which is dedicated to employees' self-development.

LEGAL PROCEEDINGS

On February 5, 2021, the bankruptcy administrator of, and on behalf of, Zhongshan Langqiao Automation Technology Co., Ltd. (中山市朗橋自動化科技有限公司), filed a lawsuit against the Guarantor to First People's Court of Zhongshan City, claiming compensation for deferred payment under equipment purchase orders of RMB15,885,635.29 and the interests hereof. On June 2, 2021, the Guarantor filed a countersuit, claiming that Zhongshan Langqiao Automation Technology Co., Ltd (中山市朗橋自動化科技有限公司) shall compensate the Guarantor for the liquidated damage, direct and consequential damage derived from the deferred delivery of equipments, for a total of RMB100,000,000. The case is pending for the judgment of the court.

As at the date of this Offering Circular, the Guarantor has filed two lawsuits, one of which is against China Aviation Lithium Battery Technology Co., Ltd. (中航鋰電科技有限公司) and its related party China Aviation Lithium Battery (Luoyang) Co., Ltd. (中航鋰電(洛陽)有限公司) and Fuzhou Jinuo Hongwen New Energy Automobile Co., Ltd. (福州吉諾宏文新能源汽車有限公司), and the other of which is against China Aviation Lithium Battery Technology Co., Ltd. and Fuzhou Jinuo Hongwen New Energy Automobile Co., Ltd., for infringement of the Guarantor's patents, claiming cessation of infringement and compensation. The cases were submitted to and accepted by the Intermediate People's Court of Fuzhou City.

From time to time, we may be involved in contractual disputes or legal proceedings arising from the ordinary course of our business. As at the date of this Offering Circular, except as otherwise disclosed in this Offering Circular, we are not involved in any material legal disputes, and we are not aware of any legal, arbitration or administrative proceedings against us or any of our Directors or senior management members which may have a material adverse effect on our business, results of operations or financial position.

INSURANCE

We have maintained adequate insurance coverage against risks and unexpected events. We have purchased property insurance covering our cargo transportation and other products, and other insurance covering business-related risks, such as all risks insurance, product liability insurance and accident insurance.

In particular, the product liability insurance covers products sold in various regions, including Asia, North America, Europe and others. Further, the product liability insurance covers, among other things, compensation for property damages and personal injuries caused by the use of certain of our products. See "*Risk Factors – Risks Relating to the Group – Unsatisfactory performance of or defects in our products may harm our reputation, result in a loss of customers and sales and decrease in market share, and may subject us to significant product liability claims and have a material adverse effect on our business, financial conditions and results of operations*".

Our Directors believe that our insurance coverage is adequate and consistent with the industry practice. As at the date of this Offering Circular, we had not received any material insurance claims against us.

MANAGEMENT

The Guarantor has nine Directors, three Supervisors and six senior management staff as at the date of this Offering Circular. The Directors, Supervisors and senior management staff as at the date of this Offering Circular are the following:

The members of the Board of Directors are as follows:

Name	Age	Position
Zeng Yuqun	53	Chairman and Director
Li Ping	53	Vice Chairman and Director
Huang Shilin	54	Vice Chairman, Director and Deputy General Manager
Pan Jian	45	Vice Chairman and Director
Zhou Jia	43	Director and General Manager
Wang Hongbo	52	Director
Xue Zuyun	58	Independent Non-executive Director
Hong Bo	62	Independent Non-executive Director
Cai Xiuling	59	Independent Non-executive Director

DIRECTORS

Mr. Zeng Yuqun (曾毓群), aged 53, is our Chairman and Director. Mr. Zeng is the founder of the Group and is responsible for our overall strategic planning, Board leadership, corporate governance and formulation of the corporate policies.

Mr. Zeng was the former president, CEO and director of New Energy Technology Co., Ltd. (新能源科技有限公司), chairman of Ningde New Energy Technology Co., Ltd. (寧德新能源科技有限公司), chairman of Dongguan New Energy Electronic Technology Co., Ltd. (東莞新能源電子科技有限公司), chairman of Dongguan New Energy Technology Co., Ltd. (東莞新能源科技有限公司), and executive director of Dongguan New Energy Technology Co., Ltd. (東莞新能源科技有限公司), senior vice president of TDK Corporation. He is also currently an executive director and general manager of Ningbo Meishan Free Trade Zone Ruiting Investment Co., Ltd. (寧波梅山保税港區瑞庭投資有限公司). Mr. Zeng holds a doctorate degree from the Institute of Physics of Chinese Academy of Sciences (中科院物理研究所博士).

Mr. Li Ping (李平), aged 53, is our Vice Chairman and Director. Mr. Li was the chairman of the Company and Ningde Times New Energy Technology Co., Ltd. (寧德時代新能源科技有限公司), executive director of Shanghai Zhiyou Electromechanical Engineering Co., Ltd. (上海芝友機電工程有限公司) and Shanghai Shida Enterprise Development Co., Ltd. (上海適達企業發展有限公司), respectively. He is currently an executive director and general manager of Ningde Yongjia Investment Co., Ltd. (寧德永佳投資有限公司) and executive director of Shanghai Shida Investment Management Co., Ltd. (上海適達投資管理有限公司). Mr. Li holds a bachelor's degree from Fudan University and an EMBA from China Europe International Business School.

Mr. Huang Shilin (黃世霖), aged 54, is our Vice Chairman, Director and Deputy General Manager. Mr. Wong was formerly the chairman and general manager of the Company, a director and general manager of Ningde Times New Energy Technology Co., Ltd. (寧德時代新能源科技有限公司), the director of research and development of Dongguan New Energy Technology Co., Ltd. (東莞新能源科技有限公司), vice president of Dongguan Xinnengde Technology Co., Ltd. (東莞新能德源科技有限公司) and the director of research and development of Ningde New Energy Technology Co., Ltd. (寧德新能源科技有限公司). Mr. Huang holds a bachelor's degree from Hefei University of Technology.

Mr. Pan Jian (潘健), aged 45, is our Vice Chairman and Director. Mr. Pan was formerly the director of Ningde Times New Energy Technology Co., Ltd. (寧德時代新能源科技有限公司), consultant of Kearney Consulting Consultant and Bain Consulting, vice president of MBK Partners Investment Fund, managing director of CDH Investments Management (Hong Kong) Limited, director of New Energy Technology Co., Ltd., non-executive director of Luye Pharmaceutical Group Co., Ltd. (綠葉製藥集團有限公司), director of Shanghai Chenguang Stationery Co., Ltd. (上海晨光文具股份有限公司), and director of Ceva Sante Animale Group, respectively. He is currently an executive director and manager of Ningbo Meishan Bonded Port Wendao Investment Co., Ltd. (寧波梅山保稅港區聞道投資有限責任公司). Mr. Poon holds a master's degree from the University of Chicago.

Mr. Zhou Jia (周佳), aged 43, is our Director and General Manager. Mr. Zhou was formerly the executive deputy general manager and financial director of the Company, strategic consultant of Bain Consulting, investment manager of American Capital Group, executive director of CDH Investment, finance director, senior human resources director and supervisor of president's office of Ningde New Energy Technology Co., Ltd. (寧德新能源科技有限公司); He is currently the chairman of Jiangsu Times New Energy Technology Co., Ltd. (江蘇時代新能源科技有限公司), director of Times SAIC Power Battery Co., Ltd. (時代上汽動力電池有限公司) and director of SAIC Times Power Battery System Co., Ltd. (上汽時代動力電池系統有限公司). Mr. Zhou holds a master's degree from the University of Chicago.

Mr. Wang Hongbo (王紅波), aged 52, is our Director. He once worked in the special office of the National Audit Office in Taiyuan (國家審計署駐太原特派辦) and was formerly the deputy manager and supervisor of the settlement center of Shenzhen Special Economic Zone Real Estate Group Co., Ltd. (深圳經濟特區房地產集團股份有限公司), deputy supervisor of the office of board of directors of TCL Group Co. Ltd. (TCL集團股份有限公司), secretary of the board of directors, managing director of TCL Venture Capital Co., Ltd. (TCL創投資本有限公司), chief investment officer of Ping An Caizhi Investment Management Co., Ltd. (平安財智投資管理有限公司). He is currently the chief investment officer of China Merchants Bank International (Shenzhen) Capital Management Co., Ltd. (招銀國際(深圳)資本管理有限公司) and the director of Yunda Holding Co., Ltd. (韻達控股股份有限公司). Mr. Wang holds a bachelor's degree of accountancy from Nankai University (南開大學) and master's degree from Sun Yat-Sen University (中山大學) and obtained the professional qualifications of Association of Chartered Certified Accountants (ACCA) and China Institute of Certified Public Accountants (CICPA).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xue Zuyun (薛祖雲), aged 58, is our Independent Non-executive Director. He was an engineer of Guangzhou Ocean Shipping Company (廣州遠洋運輸公司), a finance manager of China Electronic Equipment Corporation Xiamen Company (中國電子器材公司廈門公司), a certified accountant of Xiamen Tianjian Certified Public Accountants (廈門天健會計師事務所註冊會計師), and the finance director of China Youth Development and Investment Center (中青基業投資發展中心). He is currently a professor at Xiamen University and an independent director of Xiamen Rural Commercial Bank Co., Ltd. (廈門農村商業銀行股份有限公司), Xiamen Cinda Co., Ltd. (廈門信達股份有限公司), Aojiahua Intelligent Health Technology Group Co., Ltd. (奧佳華智慧健康科技集團股份有限公司), Fujian Aonong Biotechnology Group Co., Ltd. (福建傲農生物科技集團股份有限公司), and Jordan Sports Co. Ltd. (喬丹體育股份有限公司), respectively. Mr. Xue holds a doctorate degree from Xiamen University (廈門大學).

Mr. Hong Bo (洪波), aged 62, is our Independent Non-executive Director. He was the director of Fujian Foreign Economic Law Firm (福建對外經濟律師事務所), chairman of Fujian Provincial Lawyers Association (福建省律師協會), and vice chairman of All China Lawyers Association (中華全國律師協會). He is currently the managing partner of Fujian Xinshitong Law Firm (福建新世通律師事務所) and the honorary chairman of Fujian Provincial Lawyers Association (福建省律師協會). He is currently an independent director of Fujian Dongbai Group Co. Ltd. (福建東百集團股份有限公司), Fujian Snowman Co. Ltd. (福建雪人股份有限公司) and Zhongmin Energy Co. Ltd. (中閩能源股份有限公司). Mr. Hong holds a master's degree from Xiamen University (廈門大學).

Ms. Cai Xiuling (蔡秀玲), aged 59, is our Independent Non-executive Director. She was a lecturer and associate professor of Fujian Normal University (福建師範大學) and department head of the Department of Economics of the School of Economics. She is currently a professor at Fujian Normal University, a tutor of doctoral students, chairman of the degree subcommittee of the School of Economics. Ms. Cai holds a doctorate degree from Fujian Normal University.

SUPERVISORY COMMITTEE

The members of the Supervisory Committee are as follows:

Name	Age	Position
Wu Yingming	54	Chairman
Wang Siye	40	Supervisor
Feng Chunyan	46	Employee Representative Supervisor

Mr. Wu Yingming (吳映明), aged 54, is our Chairman of the Supervisory Committee. He was a director of procurement and information technology of Dongguan New Energy Technology Co., Ltd. (東莞新能源科技有限公司) and the Company, director of procurement of Ningde New Energy Technology Co., Ltd. (寧德新能源科技有限公司). He is currently the general manager of Jiangsu Times New Energy Technology Co., Ltd. (江蘇時代新能源科技有限公司), General Manager of Contemporary SAIC Power Battery Co., Ltd. (時代上汽動力電池有限公司), and executive director and general manager of Ningde Contemporary New Energy Supply Chain Management Co., Ltd. (寧德時代新能源供應鏈管理有限公司). Mr. Wu holds a bachelor's degree from Northeast Institute of Technology (東北工學院).

Mr. Wang Siye (王思業), aged 40, is our supervisor of the Supervisory Committee. He was the investment manager of China International Capital Corporation Limited and CITIC Industrial Investment Fund. He is currently the managing director of China Development Boyu (Shanghai) Equity Investment Management Co., Ltd. (國開博裕(上海)股權投資管理有限責任公司), director of New Century Medical Holdings Co., Ltd. (新世紀醫療控股有限公司), supervisor of Beijing Ziling Pharmaceutical Technology Development Co., Ltd. (北京紫玲醫藥科技開發有限公司), director of Beijing Kaisibohong Computer Application Engineering Co., Ltd. (北京凱思博巨集電腦應用工程有限公司) and Shanghai Boyu Linde Hospital Management Co., Ltd. (上海博裕霖德醫院管理有限公司). Mr. Wang holds a master's degree from the Hong Kong University of Science and Technology.

Ms. Feng Chunyan (馮春豔), aged 46, is our Employee Representative Supervisor. She was a craftsmanship engineer of Dongguan Chengda Products Factory (東莞承達製品廠), a manager of Dongguan Xinke Magnetic Power Plant (東莞新科磁電廠), and a senior manager of Ningde New Energy Technology Co., Ltd. (寧德新能源科技有限公司). She is currently the Supervisor of the Company and the director of the General Management Department. She is also the director of Jinjiang Mintou Electric Energy Storage Technology Co., Ltd. (晉江閩投電力儲能科技有限公司) and the director of Guangzhou Automobile Contemporary Power Battery System Co., Ltd. (廣汽時代動力電池系統有限公司). She holds a bachelor's degree of Jiamusi University (佳木斯大學).

SENIOR MANAGEMENT

Mr. Zhou Jia (周佳) is our Director and General Manager. Please refer to the subsection headed "– *Directors*" for details of his biography.

Mr. Huang Shilin (黃世霖) is our Vice Chairman and Deputy General Manager. Please refer to the subsection headed "– *Directors*" for details of his biography.

Mr. Tan Libin (譚立斌), aged 53, is our deputy general manager. Mr. Tan was the director of the Company, departmental manager of Dongguan Xinke Electronics Factory (東莞新科電子廠), NPI manager of Dell (China) Computer Company (戴爾(中國)電腦公司), sales manager of Dongguan New Energy Electronic Technology Co., Ltd. (東莞新能源電子科技有限公司), sales director of Dongguan New Energy Technology Co., Ltd. (東莞新能源科技有限公司), vice president of sales of Ningde New Energy Technology Co., Ltd. (寧德新能源科技有限公司). He is currently the chairman of GAC Times Power Battery System Co., Ltd. (廣汽時代動力電池系統有限公司). Mr. Tan holds a bachelor's degree from Zhejiang University (浙江大學).

Mr. Wu Kai (吳凱), aged 53, is our Chief Scientist and Deputy General Manager. Mr. Wu holds a doctorate degree of Shanghai Jiaotong University (上海交通大學). He was a lecturer of Wuhan University of Technology 武漢理工大學, research and development manager of Dongguan Xinke Magnetic Power Plant (東莞新科磁電廠) and Dongguan New Energy Technology Co., Ltd. (東莞新能源科技有限公司), respectively, and research and development director of Dongguan New Energy Technology Co., Ltd. (東莞新能源科技有限公司), and vice president of technology of Ningde New Energy Technology Co., Ltd. (寧德新能源科技有限公司). He is currently the director of SAIC Times Power Battery System Co., Ltd. (上汽時代動力電池系統有限公司).

Mr. Jiang Li (蔣理), aged 42, is our Deputy General Manager and Secretary of the Board of Directors, He was a business manager of the investment banking department of China Galaxy Securities Co., Ltd., the deputy director, director and executive director of the investment banking department of UBS Securities Co., Ltd., supervisor of the office of the board of directors of China Development Bank Securities Co., Ltd. He is currently a director of Nanjing Karui Innovation and Entrepreneurship Management Service Co., Ltd. (南京市卡睿創新創業管理服務有限公司). Mr. Jiang holds a master's degree from Peking University (北京大學).

Mr. Zheng Shu (鄭舒), aged 42, is our Chief Financial Officer. He was the head of the Finance Department of the Company, the deputy manager of the finance department of China Tietong Group Fujian Branch (中國鐵通集團福建分公司), the overseas regional budget manager of Huawei Technologies Co., Ltd. (華為技術有限公司), the head of finance of the subsidiaries, the general manager of the finance department of Wanding Silicon Steel Group Co., Ltd. (萬鼎矽鋼集團有限公司), the financial controller of Sohu Changyou (Nasdaq stock code: CYOU). He is currently the director of North American Lithium Inc. and the director of Jinjiang Minto Electric Power Energy Storage Technology Co., Ltd. (晉江閩投電力儲能科技有限公司). Mr. Zheng holds double bachelor degrees of accounting, computer science and technology from Fuzhou University (福州大學) and is an accountant.

COMPANY SECRETARY

Mr. Jiang Li (蔣理), is our Company Secretary. Please refer to the subsection headed "– Senior Management" for details of his biography.

BOARD COMMITTEES

We established the following committees on 5 June 2017 with written terms of reference with respect to their specific duties and authorities:

Remuneration Committee

The remuneration committee is responsible for determining the policy for the remuneration package of Directors and senior management with access to independent professional advice at our expense if necessary for the purpose of assessing performance of Directors and senior management; approving the terms of service contracts of Directors and senior management and making recommendations to the Board on the remuneration of Non-executive Directors.

The remuneration committee has three members, comprising Mr. Hong Bo and Mr. Xue Zuyun, both being our Independent Non-executive Directors, and Mr. Li Ping, our Director. The remuneration committee is chaired by Mr. Hong Bo.

Audit Committee

The audit committee is responsible for investigating any activity within its terms of reference fairly and independently and to take appropriate follow-up actions if necessary, including seeking any information it requires from any employee, whereby all employees are directed to cooperate with any request made by the committee; reviewing and ensuring that proper arrangements are in place for our employees to raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence. The audit committee also acts as the key representative body for overseeing our relations with the external auditor.

The audit committee has three members, comprising Mr. Xue Zuyun and Ms. Cai Xiuling, both being our Independent Non-executive Directors, and Mr. Pan Jian, our Director. The audit committee is chaired by Mr. Xue Zuyun.

Nomination Committee

The nomination committee is responsible for determining the policy for the nomination of Directors with the right to seek independent professional advice at our expense if necessary.

The nomination committee has three members, comprising Ms. Cai Xiuling and Mr. Hong Bo, both being our Independent Non-executive Directors, and Mr. Zeng Yuqun, our Chairman and Director. The nomination committee is chaired by Ms. Cai Xiuling.

Strategic Committee

The strategic committee is responsible for researching and making recommendations to the Board on long-term development strategies and plans of the Company, major financing plans and other major strategic issues influencing the development of the Company and reviewing the implementation of the foregoing with the right to seek external independent professional advice at our expense if necessary.

The strategic committee has six members, comprising Mr. Zeng Yuqun, Mr. Li Ping, Mr. Huang Shilin, Mr. Pan Jian, Mr. Zhou Jia and Mr. Wang Hongbo, all being our Directors. The strategic committee is chaired by Mr. Zeng Yuqun.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of our shares as at 30 June 2021 by those persons who have beneficial ownership of more than 5% of our standing shares:

Name	Approximate percentage of Shareholding
	(%)
Zeng Yuqun	24.54
Huang Shilin	11.20
Li Ping	4.81
Ningbo Lianchuang Innovative New Energy Investment Management Partnership (Limited Partnership) (寧波聯合創新新能源投資管理合伙企業(有限合伙))	6.78

Notes:

(1) For each person included in this table, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person by the number of ordinary shares outstanding as at the date of this Offering Circular.

(2) Ningbo Meishan Bonded Port Ruiting Investment Co. Limited (寧波梅山保稅港區瑞庭投資有限公司) holds 24.54% per cent. of the issued and outstanding share capital of the Company which is ultimately controlled by Mr. Zeng Yuqun.

This section summarizes the principal PRC laws and regulations which are relevant to the Group's businesses and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's businesses and operations.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "**NPC**") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts comprise the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organized into civil, criminal, economic, administrative and other divisions. The intermediate courts are organized into divisions similar to those of the primary people's courts, and are further organized into other special divisions, such as the intellectual property division. The higher level courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012 and 27 June 2017 (and implemented on 1 July 2017), sets forth the criteria for instituting a civil action, the jurisdiction of the 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 PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years calculated from the last day of the enforcement period stipulated in the judgment by the court. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by a court in accordance with the PRC enforcement procedures if the PRC 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 in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely exchangeable into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could exchange Renminbi into foreign currency through PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be exchanged into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap center had to obtain the prior approval of the SAFE.

On 28 December 1993, PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System, effective from 1 January 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional exchangeability of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On 26 March 1994, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Provisional Regulations**"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated Regulations of the PRC on Foreign Exchange Administration (the "**Foreign Exchange Administration Regulations**") which became effective from 1 April 1996. The Foreign Exchange Administration Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorized by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Foreign Exchange Administration Regulations was subsequently amended on 14 January 1997 and 5 August 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On 20 June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (the "**Settlement Regulations**") which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on exchangeability of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale through Banks by Foreign-invested Enterprises. The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialized accounts for capital account receipts and payments at designated foreign exchange banks.

On 25 October 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business pursuant to which and with effect from 1 December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 8 January 2003, Interim Provision on Foreign Debts Management was promulgated by the NDRC, SAFE, and the MOF, according to which and with effect from 1 March 2003, the summation of the accumulated medium-term and long-term loans borrowed by a foreign invested entity and the balance of short-term loans shall not exceed the surplus between the total investment and the registered capital of the foreign-invested entity. Within the range of the surplus, the foreign invested entity may borrow foreign loans at its own will. If the loans exceed the surplus, the total investment of the foreign invested entity shall be re-examined by its original examination and approval authorities.

On 21 July 2005, PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of Securities and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in the PRC (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 account or exchange and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may, with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or exchange and pay at the designated foreign exchange banks.

Exchangeability of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore return/round-trip investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardization of all cross-border flows of funds.

On 21 October 2005, SAFE issued the Notice 75 which became effective as at 1 November 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. On 4 July 2014, SAFE issued the Notice 37, which became effective on the same day. This notice replaced the notice issued by SAFE in October 2005 mentioned above. According to the notice, "special purpose company" refers to the overseas enterprises that are directly established or indirectly controlled for the purpose of investment and financing by mainland China residents (including mainland China institutions and resident individuals) with their legitimate holdings of the assets or interests in mainland China enterprises, or their legitimate holdings of overseas assets or interests. Under the notice, a mainland China resident can make contributions to a special purpose company with legitimate holdings of domestic or overseas assets or interests, and a mainland China enterprise directly or indirectly controlled by a mainland China resident may, on the basis of real and reasonable needs, disburse loans to its registered special purpose companies pursuant to prevailing provisions, and a mainland China resident may, on the basis of real and reasonable needs, purchase foreign exchanges to, among other things, remit funds overseas for the establishment, share repurchase and delisting of a special purpose company. Prior to the establishment or assumption of control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

On 5 August 2008, the State Council issued the Regulation of the PRC on Foreign Exchange Administration (the "**New Forex Regulation**"). The New Forex Regulation came into effect with the intention to further limit the inbound of foreign currency while relaxing the requirement of outbound investment, taking into consideration the capital reserve structure of the PRC at that time. Under the New Forex Regulation, foreign currency received under the current account by domestic entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval.

On 30 March 2015, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises ("**Circular 19**"), which became effective form 1 June 2015. Under Circular 19, Foreign-invested enterprises are allowed to settle their foreign exchange capitals on a discretionary basis, and a foreign-invested enterprise shall be facilitated to make domestic equity investment with the amount of foreign exchanges settled.

On 1 July 2009, PBOC, the MOF, MOFCOM, the General Administration of Customs, the SAT and the China Banking Regulatory Commission jointly promulgated the Measures for the Administration of Pilot Renminbi Settlement in Cross-border Trade, under which eligible enterprises as designated by relevant authorities located in the cities or provinces which have been chosen by the State Council to execute the pilot Renminbi trade settlement scheme, are allowed to settle the cross-border trade transactions in Renminbi.

PBOC, the MOF, MOFCOM, the General Administration of Customs, the SAT and the China Banking Regulatory Commission jointly promulgated the Circular on Issues Concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades on 17 June 2010 and the Circular on Expansion of the Region of Renminbi Settlement of Cross-Border Trades on 27 July 2011, which, together, extended the pilot scheme to the whole of the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

On 2 May 2012, the NDRC promulgated the Notice of the National Development and Reform Commission on Issues Concerning the Issuance of RMB-denominated Securities by Mainland Non-financial Institutions in the Hong Kong Special Administration Region, according to which, the foreign debts incurred by a non-financial institution in mainland China for issuing RMB-denominated Securities in Hong Kong shall be subject to the registration of foreign debts, the repayment of principal interest, and other relevant procedures pursuant to the prevailing provisions on foreign debt management.

The SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (the "**2015 SAFE Circular**") on 13 February 2015 and was amended on 30 December 2019. The 2015 SAFE Circular aims to deepen the reform of foreign exchange administration of capital accounts, promote and facilitate the capital operation of enterprises in making cross-border investments, regulate the direct investment-related foreign exchange administration business, and improve the administration efficiency. The 2015 SAFE Circular set forth the following reformations: (i) cancel two administrative examination and approval items: verification and approval of foreign exchange registration under domestic direct investment, and verification and approval of foreign exchange registration under overseas direct investment. After the implementation hereof, a bank that has obtained the financial institution identification code assigned by the relevant Foreign Exchange Bureau and has activated the capital account information system with the Foreign Exchange Bureau at its domicile may handle Foreign Exchange Registration of Direct Investment for foreign-invested enterprises in the PRC and the domestic investors of enterprises invested overseas directly through the capital account information system of the Foreign Exchange Bureau; (ii) cancel the confirmation and registration of foreign investors' non-monetary contribution and the confirmation and registration of foreign investors' contribution to purchasing the equity held by the Chinese party under domestic direct investment; (iii) the confirmation and registration of foreign investors' monetary contribution is adjusted to book-entry registration of domestic direct investment monetary contribution.

On 9 June 2016, the SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (關於改革和規範資本項目結匯管理政策的通知, the "**SAFE Circular 16**") which took effect on the same day. According to the SAFE Circular 16, enterprises registered in the PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in PRC. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

On 23 October 2019, SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, according to which, among other things, the pilot program (to facilitate foreign exchange receipts and payments for trade in services and to facilitate payment with the income under capital account) is launched, restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds are cancelled, the restriction on the use of foreign exchange settlement funds under the capital account is relaxed, the administration of registration of foreign debts of enterprises is reformed.

On 10 April 2020, SAFE issued the Notice on Optimizing Foreign Exchange Administration and Supporting the Development of Foreign-related Business (關於優化外匯管理支持涉外業務發展的通知) which took effect on the same day, to optimize the administration of foreign exchange services, improve foreign exchange mechanisms and facilitate cross-border trade and investments, among others. The SAFE has decided the following: (i) in accordance with the principle of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on the use of income under capital accounts, enterprises that satisfy the criteria are allowed to use income under capital accounts, such as capital funds and proceeds from foreign debt and overseas listing, for domestic payment, without prior provision of proof materials for verification to the banks for each transaction; (ii) cancel the registration requirement for special refunds of remittances; (iii) simplify the procedures of registration of capital accounts for certain businesses; and (iv) relax the requirements of purchasing foreign currencies with export background for repayments of domestic foreign exchange loans.

ENTERPRISE INCOME TAX LAW

Prior to 1 January 2008, under the then applicable PRC law and regulations, entities established in the PRC were generally subject to a 33% enterprise income tax, or EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period of not less than ten years were exempted from paying state income tax for two years starting from their first profit making year and were allowed a 50% reduction in their tax rate in the third, fourth and fifth years ("**two-year exemption and three-year reduction by half**").

On 16 March 2007, the NPC enacted the EIT Law, which, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008, and was amended on 24 February 2017 and 29 December 2018. The EIT Law imposes a single uniform income tax rate of 25% on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies. Further, as at 1 January 2008, the enterprises that previously enjoyed "two-year exemption and three-year reduction by half" of the enterprise income tax and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT Law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

Under the EIT Law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. The Chinese and foreign-invested enterprises within the state-encouraged industry located in western China may be taxed at a preferential income tax rate of 15% for a time period from 1 January 2011 to 31 December 2030 after being approved by the competent tax authority.

VALUE ADDED TAX

According to the *Tentative Regulations on the Value-added Tax of the PRC* which was promulgated by the State Council on 10 November 2008 and came into effect on 1 January 2009, and the *Detailed Implementation Rules of the Tentative Regulations on the Value-added Tax of the PRC* promulgated by the MOF which came into effect on 1 January 2009 and was amended on 28 October 2011, organizations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC's territories are subject to value-added tax, and shall pay the value-added tax accordingly. The rate of the value-added tax shall be 17% or 13%, depending on the commodities being sold. For taxpayers exporting commodities, the tax rate shall be 0%.

With the reform of value-added tax since 2012, the MOF and the SAT promulgated a series of regulations and commenced a pilot program from the transport industry and part of the modern service industries which has gradually expanded to the scope of the pilot reform region and the applicable industry scope, and ultimately under Circular 36, the pilot program of replacing business tax with value-added tax has been implemented nationwide effective since 1 May 2016 and all business tax payers in industries such as construction real estate, finance and services, are included in the scope of the pilot program and pay value-added tax instead of business tax.

The SAT and the MOF issued the Notice on the Adjustment to VAT Rates on 4 April 2018 and the SAT, the MOF and the General Administration of Customs issued the Announcement on Policies for Deepening the VAT Reform on 20 March 2019, respectively, according to which, VAT rates have been adjusted accordingly.

NDRC REGISTRATION AND REPORT IN RELATION TO FOREIGN DEBTS MANAGEMENT

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debts Filings and Registrations (《國家發展改革委員會關於推進企業發行外債備案登記制管理改革的通知》, the "**NDRC Circular 2044**") (effective from 14 September 2015), the quota review and approval for issuance of foreign debts by enterprises have been removed, the management of foreign debts have been reformed, and the administration of record-filing and the registration have been implemented. Pursuant to the NDRC Circular 2044, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to the NDRC within 10 working days after the completion of each issuance. Enterprises issuing foreign debts shall meet the requirements of maintaining good credit records; having no outstanding bonds or other debts in default; having good corporate governance and foreign debt risk control mechanism, good credit standing, and strong solvency. The issuer of foreign debts shall handle cash inflow and flow formalities of the foreign debts with the filing certificate in accordance with regulations. The Company has completed the registration with the NDRC and obtained the registration certificate on 11 August 2021.

Pursuant to the NDRC Circular 2044, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. When the limit of the overall size of foreign debts has been exceeded, the NDRC shall make a public announcement and shall no longer accept applications for filing and registration. According to the NDRC Circular 2044, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting investment in major construction projects and key sectors, such as "One Belt and One Road", the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Circular 2044 is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification. The Guarantor undertakes that it will comply with the requirements of the NDRC Circular 2044 in respect of the Bonds.

REGULATIONS REGARDING PROVISION OF CROSS-BORDER SECURITY

On 12 May 2014, SAFE promulgated the Provisions on the Foreign Exchange Administration on Cross-Border Guarantees and the relating implementation guidelines (collectively the "**SAFE Circular 29**"). The SAFE Circular 29, which came into force on 1 June 2014, replace twelve other regulations regarding cross-border security and introduces a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) providing that the validity of any cross-border security agreement is no longer subject to SAFE approval, registration, filing, or any other SAFE administrative requirements; (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under the SAFE Circular 29. The SAFE Circular 29 classifies cross-border security into three types:

- Nei Bao Wai Dai (內保外貸) ("**NBWD**"): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.

- Wai Bao Nei Dai (外保內貸) ("**WBND**"): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.

- Other Types of Cross-border Security (其他形式跨境擔保): any relevant cross-border security/guarantee other than NBWD and WBND.

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall conduct a registration of the relevant security/guarantee with SAFE within 15 working days after its execution (or 15 working days after the date of any change to the security). The funds borrowed offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. The onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by an onshore security provider. Moreover, the proceeds from any such offshore bond issuance must be applied towards the offshore project(s), where an onshore entity holds equity interest, and in respect of which the related approval, registration, record, or confirmation have been obtained from or made with the competent authorities subject to PRC Laws.

On 26 January 2017, SAFE issued the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Genuineness and Compliance Review and Verification Process (關於進一步推進外匯管理改革完善真實合規性審核的通知) ("**SAFE Circular 3**"), which eases certain restrictions on the use of proceeds raised under a "NBWD" structure and generally allows the proceeds raised under a "NBWD" structure to be repatriated onshore and used in the PRC by way of loans and equity investments. The second series of the Policy Q&As in relation to the SAFE Circular 3 (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)政策問答(第二期)) ("**Policy Q&As in relation to the SAFE Circular 3**") published by SAFE on its official website on 27 April 2017 further clarified that, for offshore bond issuance by offshore entities which is secured by PRC onshore guarantees, the restrictions on the use of proceeds for offshore bond issuance as mentioned in the SAFE Circular 29 above still apply despite SAFE Circular 3. However, in practice, application or exemption of such restrictions on the use of proceeds to a large extent remains subject to SAFE's discretion on a case by case basis.

The SAFE Circular 3 and Policy Q&As in relation to the SAFE Circular 3 are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the SAFE Circular 3 and Policy Q&As in relation to the SAFE Circular 3.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed are contained in the relevant Deed of Guarantee. The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. Under the SAFE Circular 29, the Deed of Guarantee does not require any pre-approval by SAFE and is binding and effective upon execution.

The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration within 15 working days after its execution. The SAFE registration is a post signing registration requirement, which is not a condition to the effectiveness of the Guarantee.

Under the SAFE Circular 29, the local SAFE will review the Guarantor's application for registration. Upon completion of the review, the local SAFE will issue a registration certificate or record to the Guarantor to confirm the completion of the registration.

Under the SAFE Circular 29:

- non-registration does not render the Guarantee ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame of 15 working days; and

- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantee itself.

The Terms and Conditions of the Bonds provide that the Guarantor will register, or cause to be registered, the Deed of Guarantee with SAFE in accordance with, and within the time period prescribed by, the SAFE Circular 29 and use its best endeavors to complete the registration and obtain a registration record from SAFE on or before the date following 90 PRC Business Days after the Issue Date (the "**Registration Deadline**"). If the Guarantor fails to complete the SAFE registration and deliver the registration records to the Trustee before the Registration Deadline, the holders will have a put option to require the Issuer to redeem the Bonds held by them at 100 per cent. of their principal amount together with accrued interest (see Condition 6(c) of the Terms and Conditions of the Bonds).

THE GUARANTEE

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds (including any principal, interest and related financial obligations).

Guarantee of foreign debt by a PRC incorporated entity is subject to registration with the relevant local branch of SAFE (the "**Cross-border Security Registration**"). The Cross-border Security Registration was implemented pursuant to the Foreign Exchange of Cross-border Guarantee Measures. The Guarantor will discharge its obligations under the Guarantee in reliance on, and in accordance with, the Cross-border Security Registration and the applicable PRC laws and regulations.

Pursuant to the Foreign Exchange of Cross-border Guarantee Measures, all proceeds raised by the Issuer under the Bonds outside the PRC (and guaranteed by the Guarantor) shall not be remitted into the PRC for any use, directly or indirectly, including without limitation, any loan, equity investment or securities investment. In addition, the Guarantor shall procure that the proceeds under the Bonds shall be used for the overseas business purposes.

The Guarantor is required by the Foreign Exchange of Cross-border Guarantee Measures to register the Guarantee and will submit the Guarantee for registration or caused the Guarantee to be submitted for registration with the Ningde Branch (or other relevant branch) within 15 PRC Business Days (as defined in the Terms and Conditions of the Bonds) after the execution of the Deed of Guarantee. Upon the performance or discharge of its obligations under the Guarantee, the Guarantor is eligible for each foreign exchange purchase and remittance under the Guarantee with the Cross-border Security Registration. If the Guarantor fails to register the Guarantee within the prescribed timeframe, upon making payments under the Guarantee, the Guarantor may be unable to purchase or remit US dollars in order for it to fulfil its payment obligations under the Guarantee. See "*Risk Factors – Risks relating to the Guarantee and the Bonds*".

Any payment by the Guarantor under the Guarantee in respect of interest under the Bonds will be subject to withholding taxes in the PRC as such payments of interest will be regarded as being derived from sources within the PRC. See "*Taxation – PRC*".

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any person acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds.

Persons considering the purchase of the Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bonds.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as (a) non-PRC Bondholders, or (b) beneficial owners who are entities or individuals located outside of the PRC in this "PRC Taxation" section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose "de facto management bodies" are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. The EIT Laws provides that the "de facto management body" of an enterprise is the organization that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and income or gains paid with respect to the Bonds may be considered to be derived from sources within the PRC.

Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on PRC-source income paid to a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities in the future, interest payable to non-resident enterprise holders of the Bonds may be treated as income derived from sources within the PRC and be subject to such PRC withholding tax at a rate of 10%. Further, in accordance with the Individual Income Tax Law of the PRC which was last amended on 31 August 2018 and took effect on 1 January 2019 and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to a 20% individual income tax which the Issuer would be obliged to withhold from payments of interests to non-resident individual holders of the Bonds. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Bonds will not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

In addition, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, such interest payments under the Guarantee may considered to be derived from sources within the PRC. In such case, the Guarantor may be obliged to withhold PRC tax at a rate of 10% on such payments to non-PRC resident enterprise holders of the Bonds and 20% for non-resident individual holders of the Bonds. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, which allows a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds. Repayment of the principal will not be subject to PRC withholding tax.

Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realized by a "non-resident enterprise" that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20% on income derived from sources within the PRC realized by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realized by holders of the Bonds are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Bonds.

VAT

Circular 36 provides that the VAT pilot program covers construction industry, real estate industry, finance industry and life service industry on a nation-wide basis from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax has been entirely replaced by, and subject to, VAT.

According to Circular 36, entities and individuals providing services within China are subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Bonds may be regarded as the holders of the Bonds providing "loans" to the Issuer, which will therefore be regarded as financial services for VAT purposes. If the Issuer is treated as a PRC tax resident and if PRC tax authorities could take the view that the holders of the Bonds are providing loans within the PRC, or if the interest component of the amount payable by the Guarantor to the Bondholders under the Deed of Guarantee is viewed as interest income arising within the territory of the PRC, the holders of the Bonds shall be subject to VAT at the rate of 6% when receiving the interest payments under the Bonds. In addition, the holders of the Bonds shall be subject to the local levies at approximately 12% of the VAT payment, and consequently, the combined rate of VAT and local levies would be around 6.72%. Given that the Issuer or the Guarantor pays interest income to Bondholders who are located outside of the PRC, the Issuer or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Bondholders who are located outside of the PRC.

Where a Bondholder who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, Circular 36 does not apply and the Issuer does not have the obligation to withhold the value-added tax or the local levies. However, there is uncertainty as to the applicability of value-added tax if either the seller or buyer of the Bonds is located inside the PRC.

Circular 36 has been revised quite recently. The above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of the Bonds and the issuance and the sale of the Bonds is made outside of the PRC.

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) Interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(b) Interest on the Bonds is derived from Hong Kong and is received by or accrues to a person other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(c) Interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) arises through or from the carrying on by the financial institution of its business in Hong Kong;

(d) Interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax.

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sums has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of the Bonds.

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of the Bonds should, however, be exempt.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain transactions. For example, to the extent that there are any conclusions of derivative contracts in the context of a company's hedging arrangements or the purchase or sale of securities (such as charged assets), any such tax liabilities that arise in relation to the FTT may result in holders of the Bonds receiving less than expected in respect of such Notes. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Bonds (including secondary market transactions) in certain circumstances. Pursuant to Article 5(c) of Regulation EC No 1287/2006, the issuance and subscription of the Bonds should, however, be exempt. There is however uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

BRITISH VIRGIN ISLANDS

Payments of interest and principal on the Bonds will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Bonds nor will gains derived from the disposal of the Bonds be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Bonds. There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer.

No stamp duty is payable in respect of the issue of the Bonds or on an instrument of transfer in respect of the Bonds.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement in respect of the Bonds with The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch (Asia Pacific) Limited, ICBC International Securities Limited, Barclays Bank PLC, BNP Paribas, China CITIC Bank International Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Citigroup Global Markets Limited and CMB International Capital Limited dated 2 September 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer and the Guarantor have jointly and severally agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds at an issue price of 99.445% of their principal amount, each in the amount set forth below:

	Principal Amount of the Bonds
	(US$)
The Hongkong and Shanghai Banking Corporation Limited	147,000,000
Merrill Lynch (Asia Pacific) Limited	147,000,000
ICBC International Securities Limited	146,000,000
Barclays Bank PLC	10,000,000
BNP Paribas	10,000,000
China CITIC Bank International Limited	10,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch	10,000,000
Citigroup Global Markets Limited	10,000,000
CMB International Capital Limited	10,000,000
Total	**500,000,000**

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

Each of the Joint Lead Managers or its affiliates may place orders, receive allocations and purchase the Bonds for its or its own account (and such orders, allocations and purchase may be material) and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds or the securities of the Issuer, the Guarantor and their respective subsidiaries or associates and the other members of the Group at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchaser of the Bonds).

No action has been or will be taken that would, or is intended to, permit a public offering of the Bonds, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers.

The distribution of this Offering Circular, or any offering material, and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular, or any offering material, are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

PRICE STABILISATION AND SHORT POSITIONS

In connection with the issue of the Bonds, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but, in so doing, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) shall act as principal and not as agent of the Issuer and the Guarantor. However, there is no assurance that the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

Neither the Issuer, the Guarantor nor the Joint Lead Managers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Bonds. In addition, neither the Issuer, the Guarantor nor the Joint Lead Managers make any representation that any Joint Lead Manager or its agent will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

GENERAL

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. None of the Joint Lead Managers is authorized to make any representation or use any information in connection with the issue, subscription and sale of the Bonds, other than as contained in this Offering Circular or any amendment or supplement thereto.

Each Joint Lead Manager and/or its affiliate(s) may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes, acting as investor for their own accounts and not with a view to distribution, and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or the Guarantor or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "*Risk Factors – Risks Relating to the Guarantee and the Bonds – The liquidity and price of the Bonds following the offering may be volatile.*"). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including the Bonds, may be entered into at the same time or proximate to offers and sales of Bonds or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Bonds. The Bonds may be purchased by or be allocated to any Joint Lead Manager or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

UNITED STATES

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds or Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

UNITED KINGDOM

Each of the Joint Lead Managers has represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

Each of the Joint Lead Managers has represented, warranted and undertaken that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PEOPLE'S REPUBLIC OF CHINA

Each of the Joint Lead Managers has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong, Macau or Taiwan), and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in the PRC, except as permitted by the securities laws of the PRC.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**") and, accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

BRITISH VIRGIN ISLANDS

Each of the Joint Lead Managers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

SUMMARY OF DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Company included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Company. The Company is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure as to the difference between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Company, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, there is no assurance that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Company, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognized for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognized in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 – Revenue from Contracts with Customers is effective for the annual reporting period commencing 1 January 2018.

On 5 July 2017, the MOF issued revised the Accounting Standards for Business Enterprises No. 14 – Revenue (the "**new PRC Revenue Standards**").

According to the transition requirements of the new PRC Revenue Standards, as the Company is not listed overseas, the Company is not required to implement the new PRC Revenue Standards till 1 January 2020.

There is no substantive difference between the new PRC Revenue Standards and IFRS 15 except for the effective date illustrated as above.

At present, the Company is using the Accounting Standards for Business Enterprises No. 14 issued by the MOF on February 2006 (the "**existing Revenue Standards**").

Under existing Revenue Standards, recognition means incorporating an item that meets the definition of revenue in the income statement when it meets the following criteria: it is probable that any future economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability. The existing Revenue Standards provide guidance for recognizing the specific categories of revenue including sale of goods, rendering of services, interest, royalties, and dividends.

Under the new PRC Revenue Standards and IFRS 15, the core principle is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

Step one: Identify the contract(s) with a customer

Step two: Identify the performance obligations in the contract

Step three: Determine the transaction price

Step four: Allocate the transaction price to the performance obligations in the contract

Step five: Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

By reviewing the sales contracts which had not been performed as at 1 January 2020, the Company estimates that the adoption of the new PRC Revenue Standards does not affect the financial statements of the Company significantly, mainly because the transfer of risks and rewards and the realization of the performance obligation of the sales contract are usually synchronous. Besides, generally only one performance obligation is identified in each sales contract of the Company. The adoption of the new PRC Revenue Standards has no significant impact on the company's revenue, net profit and shareholders' equity.

LEASES

IFRS 16 – Leases is effective for the annual reporting period commencing 1 January 2019.

On 7 Dec 2018, the MOF issued revised the Accounting Standards for Business Enterprises No. 21 – Leases (the "**new PRC Leases Standards**").

According to the transition requirements of the new PRC Leases Standards, as the Company is not listed overseas, the Company is not required to implement the new PRC Revenue Standards till 1 January 2021.

There is no substantive difference between the new PRC Leases Standards and IFRS 16 except for the effective date illustrated as above.

At present, the Company is using the Accounting Standards for Business Enterprises No. 21 issued by the MOF on February 2006 (the "**existing Leases Standards**").

Under the existing Leases Standards, if a lease is classified as an operating lease, for lessees, the lease payments should be recognized as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit. For lessors, the lease income arising from an operating lease should be recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the leased asset is diminished.

Under the new PRC Leases Standards and IFRS 16, upon lease commencement a lessee recognizes a right-of-use asset and a lease liability other than the two exemptions: leases with a lease term of 12 months or less and containing no purchase options; and leases where the underlying asset has a low value.

Accounting by lessees

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Accounting by lessors

Lessors shall classify each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

A lessor recognizes operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

The Company estimates that adoption of the new PRC Leases Standards will have an impact on the shareholder's liabilities and the carrying amount of the right-of-use asset at the beginning of 2021. The Company is still assessing the full impact of adopting of the new PRC Leases Standards.

GENERAL INFORMATION

1. **Clearing Systems**: The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 236927601 and the International Securities Identification Number for the Bonds is XS2369276014.

2. **LEI**: The Issuer's Legal Entity Identifier (LEI) is 549300MSU00BINFBY870.

3. **Authorizations**: The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issue of and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorized by resolutions of the sole director of the Issuer passed on 27 August 2021. The Guarantor has obtained all consents, approvals and authorizations in connection with the giving of the Guarantee and the performance of its obligations under the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorized by resolutions of the Board of the Guarantor passed on 26 April 2021 and resolutions of the shareholders of the Guarantor passed on 21 May 2021.

4. **No Material Adverse Change**: Except as disclosed in this Offering Circular, there has been no material adverse change since 30 June 2021, in the financial or trading position, prospects or results of operations of the Issuer, the Guarantor or the Group.

5. **Litigation**: Except as disclosed in this Offering Circular, none of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings, which the Group believes are material in the context of the Bonds and the giving of the Guarantee and, so far as the Issuer or the Guarantor is aware, no such litigation or arbitration proceedings are pending or threatened.

6. **Listing of Bonds**: Application will be made to the HKSE for the listing of, and permission to deal in, the Bonds by way of debt securities issued to Professional Investors only and such permission is expected to become effective on or about the first business day following the Issue Date.

7. **Available Documents**: As long as any Bond is outstanding, copies of the following documents will be available for inspection and, in the case of the documents referred to in paragraph (a) and paragraph (b) below, copies may be obtained during normal business hours at the specified office of the Issuer at Room 3507A, Wharf Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong and in the case of the documents referred to in paragraph (c), paragraph (d) and paragraph (e) below, copies maybe obtained during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the specified office of the Principal Paying Agent at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong:

   (a) Memorandum and Articles of Association of the Issuer and the Guarantor;

   (b) Copies of the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2020;

   (c) the Agency Agreement;

   (d) the Deed of Guarantee; and

   (e) the Trust Deed.

8. **Independent Auditors**: The Guarantor's consolidated financial statements as at and for the years ended 31 December 2019 and 2020, which are included elsewhere in this Offering Circular, have been audited by Grant Thornton, the independent auditors of the Guarantor.

The independent auditors of the Guarantor have agreed to the inclusion in this Offering Circular herein of, and all references to, (i) their name; and (ii) their audit reports dated 23 April 2020 and 26 April 2021 on the consolidated financial statements of the Guarantor as at and for the year ended 31 December 2019 and 2020, respectively, which are included elsewhere in this Offering Circular.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONTEMPORARY AMPEREX TECHNOLOGY CO., LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2019
AUDIT REPORT

(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Grant Thornton

CONTENTS

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Auditor's Report

[English Translation for Reference Only]
GTCSZ (2020) No. 351ZA1399

To all shareholders of Contemporary Amperex Technology Co., Limited:

I. Opinion

We have audited the financial statements of Contemporary Amperex Technology Co., Limited (hereinafter "the Company") , which comprise the consolidated and Company balance sheets as at December 31, 2019, and the consolidated and Company income statements, consolidated and Company cash flow statements and consolidated and Company statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Company as at December 31, 2019, and their financial performance and their cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the China Code of Ethics for Certified Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

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

(I) Provision for bad debts of accounts receivables

Relevant disclosure information refers to Note III.10 and V. 5.

1. Descriptions of the matter

As of December 31, 2019, the balance of accounts receivable in the consolidated financial statements of the Company was RMB 8,599.86 million and the balance of provision for bad debts was RMB 261.33 million, which was significant for the total assets of the consolidated financial statements. For accounts receivable, management classifies businesses with similar credit risk characteristics into the same portfolio, and measures loss allowances based on expected credit losses in its lifetime. Key assumptions involved include historical credit losses, days past due, and current and expected future economic conditions. Since the key assumptions used by management in determination of the expected credit losses of accounts receivable involve significant judgments, we considered the provision for bad debts of receivables as a key audit matter.

2. Responses in our audit

Our procedures performed in response to the provision for bad debt of accounts receivables include:

(1) Obtained understanding on the key internal control of financial reporting related to credit control, collection from debtor and assessment of expected credit losses of receivables as implemented by management, including division of portfolios of accounts receivable and review and approval using key assumptions by management, and evaluated the design and operating effectiveness of these internal controls;

(2) Combined with the characteristics and risks of the Company's industry, evaluated the reasonableness of the forward-looking information used by management when determining expected credit losses;

(3) Select samples to perform confirmation of balance of the accounts receivable, and determined whether both parties have reached an agreement on the amount of the accounts receivable, evaluated the credit risk based on customer background, business status, market environment, historical repayment situation, and default records; sent legal letter to receivables involved in litigation, and evaluated whether the impairment provision on individual item is appropriate based on the confirmation returned;

(4) Obtained the aging analysis of accounts receivable prepared by management, checked the sales invoices, receipts and statements on a sampling basis, and evaluated the accuracy of the aging analysis of accounts receivable;

(5) Evaluate the reasonableness of the expected credit loss made by the management by checking the customer’s subsequent payment, taking reference to the customer’s historical credit loss, the customer’s operating conditions and performance, and taking into considerations of industry trends and market development.

(II) Recognition of revenue

Relevant disclosure information refers to Note III.23 and V. 41.

1. Descriptions of the matter

The Company's annual performance in 2019 has increased significantly from the previous year, with a total revenue of RMB 45,788.02 million. The Company delivers the product to the customer as agreed, and revenue is recognised on the realization of the customer’s acceptance of products or statement reconciliation. Since the amount of sales revenue is significant and one of the key performance indicators, there is an inherent risk that management will manipulate revenue recognition in order to achieve specific goals or expectations. Therefore, we have identified revenue recognition as a key audit matter.

2. Responses in our audit

(1) Obtained understanding and evaluate the internal control design related to revenue recognition, and tested the operating effectiveness of key internal control;

(2) Obtained the contract signed by the Company and the customer, checked the key terms of the contract, and evaluated whether the revenue recognition policy meets the requirements of the Accounting Standards for Business Enterprises;

(3) Performed analytical procedures, including gross profit margin analysis, monthly data analysis, financial data and business data verification analysis, etc.;

(4) Selected samples to check the contracts, orders, shipping documents, acceptance records with customers, invoices, etc. related to the sale, combined with the subsequent collection of receivables after the year end, evaluated the correctness of the Company's recognition of revenue, and focused on the samples before and after the balance sheet date in order to check whether the samples are included in the proper accounting period;

(5) Performed confirmation procedures with key customers to verify the sales amount and balance of current accounts;

(6) Assessed the accuracy in calculation of the rebate amount at the end of the year and the accrual of rebate;

(7) Conducted cut-off tests on revenue recognized before and after the balance sheet date to evaluate whether the revenue is recognized in the proper accounting period.

IV. Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's 2019 annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation of the financial statements to achieve fair presentation in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Grant Thornton

Beijing, China April 23, 2020

Consolidated and Company Balance Sheets

As at December 31, 2019

Prepared by: Contemporary Amperex Technology Co., Limited | Expressed in RMB

Item	Note	December 31, 2019		December 31, 2018	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and bank balances	V.1	32,269,635,327.07	27,814,838,493.03	27,731,189,739.92	25,766,498,988.04
Trading financial assets	V.2	1,389,585,592.37	270,467,544.93		
Financial assets at fair value through profit or loss					
Derivative financial assets	V.3	1,812,135,529.60	1,812,135,529.60	512,661,245.82	512,661,245.82
Notes receivable	V.4	9,649,949,692.85	8,839,043,601.11	9,742,890,628.44	9,615,737,653.06
Accounts receivable	V.5	8,338,535,645.35	7,698,669,980.39	6,224,857,396.53	6,961,550,739.72
Receivable financing					
Prepayments	V.6	538,163,094.42	1,832,019,117.55	864,640,798.47	581,581,118.28
Other receivables	V.7	4,568,565,748.80	4,340,618,298.33	682,089,431.99	3,646,482,185.07
Including: Interest receivable				92,808,117.05	83,773,196.91
Dividend receivables					
Inventories	V.8	11,480,549,879.88	7,543,150,992.11	7,076,101,849.47	5,161,144,814.41
Assets held for sale					
Non-current assets due within one year					
Other current assets	V.9	1,647,816,662.94	427,881,244.64	1,076,991,664.73	351,757,540.20
Total current assets		71,694,937,173.28	60,578,824,801.69	53,911,422,755.37	52,597,414,284.60
Non-current assets:					
Debts investment					
Available-for-sale financial assets	V.10			1,516,521,098.20	1,016,521,098.20
Other debts investment					
Held-to-maturity investments					
Long-term receivables					
Long-term equity investments	V.11	1,540,452,827.51	11,092,993,309.10	965,198,180.81	3,875,795,794.05
Other equity instruments investment	V.12	1,530,603,722.80	1,030,603,722.80		
Other non-current financial assets					
Investment properties					
Fixed assets	V.13	17,417,348,593.44	9,054,544,829.91	11,574,665,757.11	8,679,765,031.13
Construction in progress	V.14	1,996,524,778.01	1,069,676,000.40	1,623,838,222.94	490,974,072.32
Productive biological assets					
Oil and gas assets					
Intangible assets	V.15	2,302,317,207.14	702,944,942.18	1,346,171,137.42	554,955,510.03
Capitalised development expenditure					
Goodwill	V.16	147,951,887.23		100,419,270.78	
Long-term deferred expenses	V.17	394,096,018.07	323,041,176.52	305,828,515.40	296,442,333.85
Deferred tax assets	V.18	2,079,210,533.02	1,655,548,061.78	1,240,737,742.63	1,013,064,036.11
Other non-current assets	V.19	2,248,533,970.82	343,240,543.15	1,298,901,335.85	251,964,596.66
Total non-current assets		29,657,039,538.04	25,272,592,585.84	19,972,281,261.14	16,179,482,472.35
TOTAL ASSETS		101,351,976,711.32	85,851,417,387.53	73,883,704,016.51	68,776,896,756.95

Legal representative: **Person in charge of financial function:** **Prepared by:**

Consolidated and Company Balance Sheets (Continued)

As at December 31, 2019

Item	Note	December 31, 2019		December 31, 2018	
		Consolidated	Company	Consolidated	Company
Current Liabilities：					
Short-term loans	V.20	2,125,646,681.77	400,478,500.00	1,180,092,100.11	400,000,000.00
Trading financial liabilities	V.21	286,915,936.00	286,915,936.00		
Financial liabilities at fair value through profit or loss	V.22			314,247,518.10	314,247,518.10
Notes payable	V.23	17,420,197,790.40	14,211,406,555.72	11,841,128,076.55	11,674,202,787.95
Accounts payable	V.24	10,692,137,500.67	9,038,280,048.07	7,057,075,077.40	7,803,236,724.52
Receipts in advance	V.25	6,161,443,242.83	5,427,553,025.48	4,994,400,867.91	4,972,349,951.67
Employee benefits payable	V.26	1,582,275,521.53	1,385,551,183.99	1,122,253,456.83	1,035,559,691.49
Taxes payable	V.27	962,984,568.04	632,094,820.47	722,536,564.72	550,225,157.18
Other payables	V.28	5,298,308,992.73	4,983,326,345.52	2,924,184,174.56	2,921,015,709.95
Including: Interest payable				19,842,845.23	5,909,220.61
Dividend payable		2,418,687.95	2,418,687.95		
Liabilities held for sale					
Non-current liabilities maturing within one year	V.29	1,077,468,495.09	809,720,325.77	929,024,032.37	854,963,872.53
Other current liabilities					
Total current liabilities		45,607,378,729.06	37,175,326,741.02	31,084,941,868.55	30,525,801,413.39
Non-current liabilities:					
Long-term loans	V.30	4,980,563,181.26	3,325,626,944.13	3,490,767,815.96	3,055,648,551.22
Bonds payable	V.31	1,508,339,195.70	1,508,339,195.70		
Long-term payables	V.32	873,618,580.61		943,414,523.31	
Long-term employee benefits payable					
Provisions	V.33	5,289,773,262.40	5,149,144,094.30	2,512,382,681.52	2,510,119,964.81
Deferred income	V.34	813,236,654.86	282,670,136.94	611,042,047.22	248,768,053.31
Deferred tax liabilities	V.18	91,191,949.71	68,602,469.77	40,984,489.33	17,313,889.44
Other non-current liabilities					
Total non-current liabilities		13,556,722,824.54	10,334,382,840.84	7,598,591,557.34	5,831,850,458.78
TOTAL LIABILITIES		59,164,101,553.60	47,509,709,581.86	38,683,533,425.89	36,357,651,872.17
Share capital	V.35	2,208,399,700.00	2,208,399,700.00	2,195,017,400.00	2,195,017,400.00
Capital reserve	V.36	21,630,448,577.59	23,112,308,480.40	21,372,918,712.25	21,373,521,961.36
Less: Treasury shares	V.37	1,074,894,790.00	1,074,894,790.00	793,701,060.00	793,701,060.00
Other comprehensive income	V.38	620,819,644.93	576,704,113.36	-336,839,207.93	-347,951,961.22
Special reserve					
Surplus reserve	V.39	1,097,245,469.55	1,104,199,850.00	985,878,418.69	992,832,799.14
Undistributed profits	V.40	13,652,965,292.41	12,414,990,451.91	9,515,006,632.30	8,999,525,745.50
Total owner's equity attributable to the parent		38,134,983,894.48	38,341,707,805.67	32,938,280,895.31	32,419,244,884.78
Minority interests		4,052,891,263.24		2,261,889,695.31	
TOTAL SHAREHOLDERS' EQUITY		42,187,875,157.72	38,341,707,805.67	35,200,170,590.62	32,419,244,884.78
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		101,351,976,711.32	85,851,417,387.53	73,883,704,016.51	68,776,896,756.95

Legal representative： **Person in charge of financial function：** **Prepared by：**

Consolidated and Company Income Statements

For the year ended December 31, 2019

Prepared by: Contemporary Amperex Technology Co., Limited — Expressed in RMB

Item	Note	Year ended December 31, 2019		Year ended December 31, 2018	
		Consolidated	Company	Consolidated	Company
I. Operating income	V.41	45,788,020,642.41	39,494,999,138.92	29,611,265,434.22	26,344,471,861.07
Less: Operating costs	V.41	32,482,760,512.62	29,445,494,658.74	19,902,284,153.15	17,556,115,380.86
Taxes and surcharges	V.42	272,228,105.62	203,844,169.74	171,183,911.70	122,124,839.48
Selling expenses	V.43	2,156,553,541.51	2,011,470,528.94	1,378,868,425.55	1,344,865,382.96
Administrative expenses	V.44	1,832,673,929.87	1,299,390,977.05	1,590,659,572.27	1,327,106,376.29
Research and development expenses	V.45	2,992,107,516.52	2,529,115,712.31	1,991,000,384.84	1,862,453,440.42
Financial expense	V.46	-781,621,299.53	-822,132,613.46	-279,733,226.14	-357,282,251.22
Including: Interest expenses		289,254,465.49	206,900,405.90	204,435,332.83	172,609,521.83
Interest income		1,078,256,966.28	1,011,910,923.68	565,817,388.30	549,404,945.45
Add: Other income	V.47	646,371,587.96	528,924,410.32	507,775,215.03	364,516,353.32
Investment gains ("-" for loss)	V.48	-79,604,902.02	-47,231,244.10	184,397,531.48	177,973,977.03
Including: Gains from investments in associates and joint ventures		-11,899,568.84	3,743,614.51	-4,264,014.31	-9,973,479.61
Gain from derecognition of financial assets at amortized cost ("-" for loss)		-100,357,220.91	-72,377,518.71		
Gain from net exposure of hedge ("-" for loss)					
Gains from changes in fair value ("-" for loss)	V.49	27,331,582.10	27,331,582.10	-314,247,518.10	-314,247,518.10
Credit impairment loss ("-" for loss)	V.50	-235,676,386.11	-18,839,258.64		
Assets impairment loss ("-" for loss)	V.51	-1,434,329,163.69	-1,031,970,918.16	-974,912,150.01	-816,452,321.57
Gain from disposal of assets ("-" for loss)	V.52	1,382,204.06	7,151,019.23	-91,538,964.57	-89,527,192.07
II. Operating profit ("-" for loss)		5,758,793,258.10	4,293,181,296.35	4,168,476,326.68	3,811,351,990.89
Add: Non-operating income	V.53	62,428,112.63	43,037,753.69	62,303,262.42	57,817,617.27
Less: Non-operating expenses	V.54	60,456,806.48	40,075,669.40	25,966,337.17	6,950,010.66
III. Total profit ("-" for loss)		5,760,764,564.25	4,296,143,380.64	4,204,813,251.93	3,862,219,597.50
Less: Income tax expenses	V.55	748,090,666.38	458,329,901.63	468,916,764.21	385,972,177.47
IV. Net profit ("-" for loss)		5,012,673,897.87	3,837,813,479.01	3,735,896,487.72	3,476,247,420.03
(I) Classified by continuity of operations					
Including: Net profit from continuing operations ("-" for loss)		5,012,673,897.87	3,837,813,479.01	3,735,896,487.72	3,476,247,420.03
Net profit from discontinued operation ("-" for loss)					
(II) Classified by attribution to ownership					
Including: Net profit attributable to shareholders of the parent ("-" for loss)		4,560,307,432.71		3,387,035,207.64	
Net profit attributable to minority interests ("-" for loss)		452,366,465.16		348,861,280.08	
V. Other comprehensive income - after tax		957,658,852.86	924,656,074.58	-585,339,219.51	-594,264,857.55
Other comprehensive income - after tax attributable to owners of the parent		957,658,852.86	924,656,074.58	-585,339,219.51	-594,264,857.55
(I) Other comprehensive income not reclassified into profit or loss subsequently		11,970,230.92	11,970,230.92		
1. Changes in the fair value of other equity instruments investment		11,970,230.92	11,970,230.92		
(II) Other comprehensive income that will be reclassified into profit or loss subsequently		945,688,621.94	912,685,843.66	-585,339,219.51	-594,264,857.55
1. Gain or loss from changes in fair value of available-for-sale financial assets				-479,991,456.67	-479,991,456.67
2. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)		912,685,843.66	912,685,843.66	-114,273,400.88	-114,273,400.88
3. Translation difference of foreign currency financial		33,002,778.28		8,925,638.04	
Other comprehensive income - after tax attributable to minority interests					
VI. Total comprehensive income		5,970,332,750.73	4,762,469,553.59	3,150,557,268.21	2,881,982,562.48
Total comprehensive income attributable to owners of the parent		5,517,966,285.57	4,762,469,553.59	2,801,695,988.13	2,881,982,562.48
Total comprehensive income attributable to minority interests		452,366,465.16		348,861,280.08	
VII. Earnings per share					
(I) Basic earnings per share		2.0937		1.6412	
(II) Diluted earnings per share		2.0887		1.6407	

Legal representative: **Person in charge of financial function:** **Prepared by:**

Consolidated and Company Cash Flow Statements

For the year ended December 31, 2019

Prepared by: Contemporary Amperex Technology Co., Limited — Expressed in RMB

Item	Note	Year ended December 31, 2019		Year ended December 31, 2018	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash received from sale of goods or rendering of services		52,149,078,427.56	45,990,635,445.54	33,853,639,616.99	29,552,588,812.50
Tax refund received		395,686,584.53	130,002,896.77	37,127,687.41	22,785,011.55
Other cash received relating to operating activities	V.56	3,763,244,302.06	3,570,110,253.34	2,274,383,357.82	2,883,106,762.88
Sub-total of cash inflows		56,308,009,314.15	49,690,748,595.65	36,165,150,662.22	32,458,480,586.93
Cash paid for goods and services		33,260,080,970.87	31,017,006,562.47	19,041,614,626.94	15,886,574,627.09
Cash paid to and on behalf of employees		3,704,062,487.97	2,706,538,290.96	2,299,961,469.07	1,928,878,296.62
Payments of all types of taxes		2,688,800,053.78	2,124,224,574.59	1,868,081,717.00	1,463,021,730.59
Other cash paid relating to operating activities	V.56	3,183,111,244.73	3,029,506,923.44	1,639,227,148.68	2,548,020,712.28
Sub-total of cash outflows		42,836,054,757.35	38,877,276,351.46	24,848,884,961.69	21,826,495,366.58
Net cash flows from operating activities		**13,471,954,556.80**	**10,813,472,244.19**	**11,316,265,700.53**	**10,631,985,220.35**
II. Cash flows from investing activities					
Cash received from disposal of investments		0.23	17,880,000.23	5,258,600.00	
Cash received from returns on investments		2,563,085.15		3,655,688.20	3,655,688.20
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		15,088,255.27	397,195.02	294,506.10	136,755,587.88
Cash received from disposal of subsidiaries and other business units		10,026,813.18			
Other cash received relating to investing activities	V.56	15,477,402,748.49	19,153,204,953.03	70,629,509.16	559,345,369.26
Sub-total of cash inflows		15,505,080,902.32	19,171,482,148.28	79,838,303.46	699,756,645.34
Cash paid to acquire fixed assets, intangible assets and other long-term assets		9,626,986,411.07	4,798,596,798.31	6,629,274,672.98	4,109,626,573.17
Cash paid to investments		907,758,218.55	6,239,540,000.00	192,025,942.30	242,250,000.00
Cash paid to acquire subsidiaries and other business units					
Other cash paid relating to investing activities	V.56	3,114,021,020.85	1,315,862,123.35	12,746,210,861.04	13,175,592,238.97
Sub-total of cash outflows		13,648,765,650.47	12,353,998,921.66	19,567,511,476.32	17,527,468,812.14
Net cash flows from investing activities		**1,856,315,251.85**	**6,817,483,226.62**	**-19,487,673,172.86**	**-16,827,712,166.80**
III. Cash flows from financing activities					
Cash received from capital contribution		1,217,784,889.68	495,810,491.00	6,274,955,935.37	6,166,170,771.77
Include: Cash received from investment by minority interests of subsidiaries		721,974,398.68		108,785,163.60	
Cash received from borrowings		4,616,632,167.94	1,473,902,227.43	4,123,196,326.07	2,489,020,949.24
Cash received relating to other financing activities	V.56	1,498,800,000.00	1,498,800,000.00	510,282,473.44	512,282,473.44
Sub-total of cash inflows		7,333,217,057.62	3,468,512,718.43	10,908,434,734.88	9,167,474,194.45
Cash repayments of amounts borrowed		2,418,452,429.42	1,248,832,420.52	3,493,721,841.00	1,802,154,918.68
Cash payments for interest expenses and distribution of dividends or profits		573,302,388.77	493,574,364.94	216,119,536.13	167,440,720.55
Include: Dividend paid to minority interests of subsidiaries					
Other cash payments relating to financing activities	V.56	173,132,704.46	53,298,974.20	155,877,429.51	445,383,785.04
Sub-total of cash outflows		3,164,887,522.65	1,795,705,759.66	3,865,718,806.64	2,414,979,424.27
Net cash flows from financing activities		**4,168,329,534.97**	**1,672,806,958.77**	**7,042,715,928.24**	**6,752,494,770.18**
IV. Effect of foreign exchange rate changes on cash		**14,801,651.37**	**18,541,678.91**	**27,440,781.07**	**18,869,618.64**
V. Net increase in cash and cash equivalents		19,511,400,994.99	19,322,304,108.49	-1,101,250,763.02	575,637,442.37
Add: Opening balance of cash and cash equivalent		**3,688,654,649.03**	**3,380,096,444.18**	**4,789,905,412.05**	**2,804,459,001.81**
VI. Closing balance of cash and cash equivalent		23,200,055,644.02	22,702,400,552.67	3,688,654,649.03	3,380,096,444.18

Legal representative: **Person in charge of financial function:** **Prepared by:**

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Year ended December 31, 2019								
	Equity attributable to the shareholders of parent company							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
I. Balance at end of previous year	2,195,017,400.00	21,372,918,712.25	793,701,060.00	-336,839,207.93		985,878,418.69	9,515,006,632.30	2,261,889,695.31	35,200,170,590.62
Add: Changes in accounting policies									
Correction of errors									
Business combination under common control									
Others									
II. Balance in beginning of year	2,195,017,400.00	21,372,918,712.25	793,701,060.00	-336,839,207.93		985,878,418.69	9,515,006,632.30	2,261,889,695.31	35,200,170,590.62
III. Movement over the year("- "for decrease)	13,382,300.00	257,529,865.34	281,193,730.00	957,658,852.86		111,367,050.86	4,137,958,660.11	1,791,001,567.93	6,987,704,567.10
(I)Total comprehensive income for the year				957,658,852.86			4,560,307,432.71	452,366,465.16	5,970,332,750.73
(II) Owner's contributions and decrease of capital	13,382,300.00	727,668,185.74	281,193,730.00					714,744,402.22	1,174,601,157.96
1．Capital contribution from shareholders	13,382,300.00	462,267,770.73	281,193,730.00					714,744,402.22	909,200,742.95
2. Increase in shareholder's equity resulted from share-based payments		265,400,415.01							265,400,415.01
3．Other									
(III) Appropriation of profits						111,367,050.86	-422,348,772.60		-310,981,721.74
1. Appropriation to surplus reserves						111,367,050.86	-111,367,050.86		
2. Distributions to shareholders							-310,981,721.74		-310,981,721.74
3. Others									
(IV) Transfer within equity									
1.Capital reserves converting into share capital									
2.Surplus reserves converting into share capital									
3.Surplus reserves cover the deficit									
4. Other comprehensive income transferred to retained earnings									
5. Other									
(V) Special reserve									
1.Appropriation for the year									
2.Use for the year									
(VI) Other		-470,138,320.40						623,890,700.55	153,752,380.15
IV. Balance at end of year	2,208,399,700.00	21,630,448,577.59	1,074,894,790.00	620,819,644.93		1,097,245,469.55	13,652,965,292.41	4,052,891,263.24	42,187,875,157.72

Legal representative: **Principal in charge of accounting:** **Prepared by:**

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

Prepared by: Contemporary Amperex Technology Co., Limite

Expressed in RMB

Item	Year ended December 31, 2018								
	Equity attributable to the shareholders of parent company							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
I. Balance at end of previous year	1,955,193,267.00	15,354,587,816.94		248,500,011.58		638,253,676.69	6,504,904,798.90	1,769,799,526.51	26,471,239,097.62
Add: Changes in accounting policies									
Correction of errors									
Business combination under common control									
Others									
II. Balance in beginning of year	1,955,193,267.00	15,354,587,816.94		248,500,011.58		638,253,676.69	6,504,904,798.90	1,769,799,526.51	26,471,239,097.62
III. Movement over the year("- "for decrease)	239,824,133.00	6,018,330,895.31	793,701,060.00	-585,339,219.51		347,624,742.00	3,010,101,833.40	492,090,168.80	8,728,931,493.00
(I)Total comprehensive income for the year				-585,339,219.51			3,387,035,207.64	348,861,280.08	3,150,557,268.21
(II) Owner's contributions and decrease of capital	239,824,133.00	6,020,322,877.04	793,701,060.00				-29,308,632.24	143,228,888.72	5,580,366,206.52
1． Capital contribution from shareholders	239,824,133.00	5,905,940,080.05	793,701,060.00					108,785,163.60	5,460,848,316.65
2. Increase in shareholder's equity resulted from share-based payments		119,517,889.87							119,517,889.87
3． Other		-5,135,092.88					-29,308,632.24	34,443,725.12	
(III) Appropriation of profits						347,624,742.00	-347,624,742.00		
1. Appropriation to surplus reserves						347,624,742.00	-347,624,742.00		
2. Distributions to shareholders									
3. Others									
(IV) Transfer within equity									
1.Capital reserves converting into share capital									
2.Surplus reserves converting into share capital									
3.Surplus reserves cover the deficit									
4. Other comprehensive income transferred to retained earnings									
5. Other									
(V) Special reserve									
1.Appropriation for the year									
2.Use for the year									
(VI) Other		-1,991,981.73							-1,991,981.73
IV. Balance at end of year	2,195,017,400.00	21,372,918,712.25	793,701,060.00	-336,839,207.93		985,878,418.69	9,515,006,632.30	2,261,889,695.31	35,200,170,590.62

Legal representative: **Principal in charge of accounting:** **Prepared by :**

Company Statement of Changes in Equity

For the year ended December 31, 2019

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Year ended December 31, 2019							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at end of previous year	2,195,017,400.00	21,373,521,961.36	793,701,060.00	-347,951,961.22		992,832,799.14	8,999,525,745.50	32,419,244,884.78
Add: Changes in accounting policies								
Correction of errors								
Others								
II. Balance in beginning of year	2,195,017,400.00	21,373,521,961.36	793,701,060.00	-347,951,961.22		992,832,799.14	8,999,525,745.50	32,419,244,884.78
III. Movement over the year("- "for decrease)	13,382,300.00	1,738,786,519.04	281,193,730.00	924,656,074.58		111,367,050.86	3,415,464,706.41	5,922,462,920.89
(I)Total comprehensive income for the year				924,656,074.58			3,837,813,479.01	4,762,469,553.59
(II) Owner's contributions and decrease of capital	13,382,300.00	727,668,185.74	281,193,730.00					459,856,755.74
1． Capital contribution from shareholders	13,382,300.00	462,267,770.73	281,193,730.00					194,456,340.73
2. Increase in shareholder's equity resulted from share-based payments		265,400,415.01						265,400,415.01
3． Other								
(III) Appropriation of profits						111,367,050.86	-422,348,772.60	-310,981,721.74
1. Appropriation to surplus reserves						111,367,050.86	-111,367,050.86	
2. Distributions to shareholders							-310,981,721.74	-310,981,721.74
3. Others								
(IV) Transfer within equity								
1.Capital reserves converting into share capital								
2.Surplus reserves converting into share capital								
3.Surplus reserves cover the deficit								
4. Other comprehensive income transferred to retained earnings								
5. Other								
(V) Special reserve								
1.Appropriation for the year								
2.Use for the year								
(VI) Other		1,011,118,333.30						1,011,118,333.30
IV. Balance at end of year	2,208,399,700.00	23,112,308,480.40	1,074,894,790.00	576,704,113.36		1,104,199,850.00	12,414,990,451.91	38,341,707,805.67

Legal representative: **Principal in charge of accounting:** **Prepared by:**

Company Statement of Changes in Equity

For the year ended December 31, 2019

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Year ended December 31, 2018							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at end of previous year	1,955,193,267.00	15,350,055,973.17		246,312,896.33		645,208,057.14	5,870,903,067.47	24,067,673,261.11
Add: Changes in accounting policies								
Correction of errors								
Others								
II. Balance in beginning of year	1,955,193,267.00	15,350,055,973.17		246,312,896.33		645,208,057.14	5,870,903,067.47	24,067,673,261.11
III. Movement over the year("- "for decrease)	239,824,133.00	6,023,465,988.19	793,701,060.00	-594,264,857.55		347,624,742.00	3,128,622,678.03	8,351,571,623.67
(I)Total comprehensive income for the year				-594,264,857.55			3,476,247,420.03	2,881,982,562.48
(II) Owner's contributions and decrease of capital	239,824,133.00	6,025,457,969.92	793,701,060.00					5,471,581,042.92
1． Capital contribution from shareholders	239,824,133.00	5,905,940,080.05	793,701,060.00					5,352,063,153.05
2. Increase in shareholder's equity resulted from share-based payments		119,517,889.87						119,517,889.87
3． Other								
(III) Appropriation of profits						347,624,742.00	-347,624,742.00	
1. Appropriation to surplus reserves						347,624,742.00	-347,624,742.00	
2. Distributions to shareholders								
3. Others								
(IV) Transfer within equity								
1.Capital reserves converting into share capital								
2.Surplus reserves converting into share capital								
3.Surplus reserves cover the deficit								
4. Other comprehensive income transferred to retained earnings								
5. Other								
(V) Special reserve								
1.Appropriation for the year								
2.Use for the year								
(VI) Other		-1,991,981.73						-1,991,981.73
IV. Balance at end of year	2,195,017,400.00	21,373,521,961.36	793,701,060.00	-347,951,961.22		992,832,799.14	8,999,525,745.50	32,419,244,884.78

Legal representative: **Principal in charge of accounting:** **Prepared by:**

Notes to the Financial Statements

I. Company Information

1. Company profile

Contemporary Amperex Technology Co., Limited (hereinafter referred to as the "Company") was incorporated in Ningde, Fujian Province on December 16, 2011, and obtained the legal person business license number of 350902100027641 issued by the Ningde Administration for Industry and Commerce of Fujian Province. On October 31, 2015, the company was changed into a joint stock company with a total share capital of RMB 40 million. The Company obtained the legal person business license with the unified social credit code of 91350900587527783P issued by the Ningde Administration for Industry and Commerce of Fujian Province. On May 18, 2018, the China Securities Regulatory Commission issued the “Reply of approval of the Initial Public Offering of Contemporary Amperex Technology Co., Limited” (Securities Regulatory Permit [2018] No. 829), and the Company publicly issued 217,243,733 ordinary shares. The A-shares of RMB common stock issued by the Company were listed on the Shenzhen Stock Exchange on June 11, 2018 (stock code: 300750). As of December 31, 2019, the Company's registered capital was RMB 2,208.40 million. Its legal representative is Jia Zhou (周佳), and its registered office is No. 2, Xingang Road, Zhangwan Town, Jiaocheng District, Ningde City.

The main business scope of the Company and its subsidiaries is the development, production, sales and after-sales service of lithium-ion power battery systems, energy storage systems and lithium battery materials by using battery recycling technology.

The financial statements and the notes to the financial statements have been approved by the fourteenth meeting of the second session of Board of Directors on April 23, 2020.

2. Scope of consolidated financial statements

The scope of consolidation includes 47 subsidiaries of the Company and refers to Note VI “Changes in scope of consolidation” and Note VII “ Interests in other entities”.

II. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (collectively, “ Accounting Standards for Business Enterprises “). In addition, the Company also discloses relevant financial information according to Information Disclosures Regulations for Companies that Offering Shares in Public No.15-General Provision of Preparing Financial Report (revised in 2014) issued announced by China Securities Regulatory Commission.

The consolidated financial statements have been prepared on going concern basis.

The Company adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

III. Significant accounting policies and accounting estimates

The Company determines the policies of depreciation of fixed assets, amortization of intangible assets, and revenue recognition according to the characteristics of its production and operation. Specific accounting policies refer to Note III. 14, 16 and 23.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The consolidated financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the consolidated and Company's financial positions as of December 31, 2019, and their operating results and their cash flows for the year ended December 31, 2019 and other relevant information.

2. Financial year

The financial year of the Company is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The financial statements of the Company and its domestic subsidiaries have been prepared in Renminbi ("RMB"). The Company's foreign subsidiaries determine their functional currency according to the primary economic environment where they operate, and then translated to RMB when preparing the financial statements.

5. Accounting treatment of business combinations not involving enterprises under common control

(1) Business combinations not involving enterprises under common control

For business combinations not involving enterprises under common control, the consideration costs include acquisition-date fair values of the assets transferred, liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and subsequently measured on the basis of its costs less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is credited in profit or loss for the current period after reassessment.

(2) Accounting treatment of transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt instruments issued as the considerations of business combination are included in the initial recognition amount of the equity or debt instruments.

6. Basis of preparation of consolidated financial statements

(1) Scope of consolidation

The scope of consolidated financial statements is determined on the basis of control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company.

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. In preparation of consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be in accordance with those established by the Company, all significant intercompany accounts and transactions are eliminated on consolidation.

Where a subsidiary or business has been acquired during the reporting period, through a business combination not involving enterprises under common control, the revenue, expenses and profit of the subsidiary or business after the acquisition date are included in the consolidated income statement, the cash flows after the acquisition date are included in consolidated cash flow statement.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement below the "net profit" line item as "minority interests". When the amount of loss for the current period attributable to minority interests of the subsidiary exceeds the minority interests' share of the opening equity of the subsidiary, the excess is still allocated against the minority interests.

(3) Acquires minority interest from a subsidiary's minority shareholders

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the minority interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (capital premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency transactions

(1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi(RMB) at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi(RMB) using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss for the current period.

(2) Translation of foreign currency financial statements

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities of the balance sheet are translated to RMB using the spot exchange rate at the balance sheet date. Items of the shareholders' equity, except for “undistributed profits”, are translated at the spot exchange rate at the dates on which such items arose.

The revenue and expenses in the income statements are translated using the spot exchange rate at the transaction date.

The items in the Cash flow statements of foreign operation are translated to Renminbi(RMB) at the spot exchange rates [the rates determined under a systematic and rational method that approximates the spot exchange rates] at the cash flow occurrence dates. Effects arising from changes of exchange rates on cash and cash equivalents are presented separately as “Effect of changes in exchange rates on cash and cash equivalents” in the cash flow statement.

Differences arising from the translation of financial statements are recognized in other comprehensive income in the shareholders' equity of the balance sheet.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following conditions is met, the financial assets are derecognized:

①The contractual rights to the cash flows from the financial asset expire;

②The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expired. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized meanwhile.

If the financial assets are traded routinely, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

Upon initial recognition, the Company classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets at amortized cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company's business model for managing such financial assets is to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognized in profit or loss for the current period when the financial asset is recognized, amortised using the effective interest method or with impairment recognized.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company's business model for managing such financial assets is achieved both by collecting contractual cash flows and selling such financial assets;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognized in the profit or loss for the current period.

However, for non-trading equity instrument investments, the Company irrevocably designates them as financial assets at fair value through other comprehensive income at initial recognition. The designation is made on a single investment basis and the relevant investment meets the definition of equity instruments from the perspective of the issuer.

Subsequent to initial recognition, these financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gains or losses and changes in fair value are included in Other comprehensive income. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model for managing financial assets refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

The Company assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognized. Accounts receivable without significant financing component are initially recognized based on the transaction price expected to be entitled by the Company.

(3) Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Company are classified as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognized.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise held-for-trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognized in profit or loss for the current period.

Classification between financial liabilities and equity instruments

A financial liability is a liability if:

① it has a contractual obligation to pay in cash or other financial assets to other parties.

② it has a contractual obligation to exchange financial assets or financial liabilities under potential adverse condition with other parties.

③ it is a non-derivative instrument contract which will or may be settled with the entity’s own equity instruments, and the entity will deliver a variable number of its own equity instruments according to such contract.

④ it is a derivative instrument contract which will or may be settled with the entity’s own equity instruments, except for a derivative instrument contract that exchanges a fixed amount of cash or other financial asset with a fixed number of its own equity instruments.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets, the contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company’s own equity instruments, the Company’s own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

(4) Derivative financial instruments and embedded derivative instruments

The Company's derivative financial instruments comprise forward exchange contracts, futrues conracts and foreign exchange options contracts. Derivative financial instruments are initially measured at the fair value of the date a derivative contract entered into and subsequently measured at their fair value. Derivative financial instruments of positive fair value are recognized as assets; those of negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value which do not meet the requirements of hedge accounting are directly recognized to profit or loss for the current period.

For hybrid instrument with embedded derivative, where financial assets or liabilities not designated as fair value through profit or loss, the economic features and risks of the embedded derivative are not closely related to that of the host contract, and a similar instrument with the same terms as the embedded derivative would meet the definition of a derivative, then embedded derivative is separated from hybrid instrument and accounted for as a derivative. If embedded derivative is unable to measure separately either at acquisition or subsequently at balance sheet date, hybrid instrument as a whole is designated as financial assets or liabilities at fair value through profit or loss.

(5) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities refers to Note III.11.

(6) Impairment of financial assets

The Company makes provision for impairment based on expected credit losses (ECLs) on the following items:

- Financial assets at amortized cost;
- Receivables and debt investments measured at fair value through other comprehensive income;

Measurement of ECLs

ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Company takes into account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Company measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument has not increased significantly since initial recognition, it is at the first stage, and the Company makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument has increased significantly since initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument has incurred credit impairment since initial recognition, it is at the third stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk, including renewal options.

For the financial instruments at the first and second stages and with low credit risks, the Company calculates the interest income based on the book balance before deducting the impairment provisions and the effective interest rate. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For notes receivable and accounts receivable, regardless of whether there is a significant financing component, the Company always makes provision for impairment at an amount equal to lifetime ECLs.

When the Company is unable to assess the information of ECLs for an individual financial asset at a reasonable cost, it classifies notes receivable and accounts receivable into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Notes receivable

- Notes receivable portfolio 1: Bank acceptance bills
- Notes receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

- Accounts receivable portfolio 1: Receivables from related parties within the scope of consolidation
- Accounts receivable portfolio 2: Receivables from external customers

For notes receivables classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.

For accounts receivable classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to compile a matrix of accounts receivable aging / overdue days and expected credit loss rate for the lifetime and calculate the ECLs.

Other receivables

- The Company classifies other receivables into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:
- Other receivables portfolio 1: Receivables from related parties within the scope of consolidation
- Other receivables portfolio 2: Receivables from employees
- Other receivables portfolio 3: Security deposits or deposits
- Other receivables portfolio 4: Other receivables

For other receivables divided into portfolio, the Company calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the lifetime.

Debt investments and other debt investments

For debt investments and other debt investments, the Company calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the entire lifetime, based on the nature of the investment and various types of counterparties and risk exposures.

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Company includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) ;
- An actual or expected significant deterioration in the operating results of the debtor;
- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the Company assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

Credit-impaired financial assets

At balance sheet date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Company having granted to the debtor a concession that would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment arededucted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is later recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(7) Transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. If substantially all the risks and rewards of ownership of the financial asset is retained, the financial asset is not derecognized.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognized.

(8) Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognized financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

11. Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market or, in the absence of a principal market, the most advantageous market. Principal market (or most advantageous market) is the market that the Company can normally enter into a transaction on measurement date. The Company adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets as their fair value. If there is no active market, the Company uses valuation technique to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. If the observable inputs are not available or impractical, then unobservable inputs are used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

At the balance sheet date, the Company revalues assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.

12. Inventories

(1) Classification of inventories

Inventories include raw materials, finished goods, reusable materials, semi-finished goods, issuing goods, work-in-progress, subcontracting materials and development costs.

(2) Method for calculating value of inventories

Inventories are measured at the actual cost on acquisition. Raw materials and finished goods are calculated in weighted average cost method.

(3) Recognition of the net realizable value and provision for decline in value of inventories

Net realizable value is the estimated selling price less estimated costs to be incurred upon completion, estimated selling expenses and related taxes. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

At balance sheet date, when the cost of inventory exceeds its net realizable value, provision for decline in value of inventories is recognized. The Company usually recognizes provision for decline in value of inventories by a single inventory item. When the factors causing the inventory impairment no longer exist, the provision for decline in value of inventories previously made is reversed.

(4) Inventory system

The Company adopts perpetual inventory system.

(5) Amortization methods of reusable materials

Reusable materials are one-off amortized when taken for use.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence.

(1) Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the combining party's share of the carrying amount of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition.

Long-term equity investment acquired other than through a business combination: For a long-term equity investment acquired by cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method, unless it qualifies as held-for-sale. An investment in a joint venture or an associate is accounted for using the equity method.

For long-term equity investment which is accounted for using the cost method, investment income is recognized in profit or loss for the current period as the cash dividend or profits announced and distributed, except for those announced but not yet paid cash dividend or profits which have already included in the actual payment or consideration of offer when the investment was made.

For long-term equity investment which is accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Company's interest in the fair values of the investee's identifiable net assets, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Company's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the carrying amount of the long-term equity investment is adjusted accordingly.

Under the equity method, the Company recognizes its share of the investee's net profit or loss and other comprehensive income as investment income or loss and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Company. The Company's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is recognized in the capital reserve (other capital reserve), and the carrying amount of the long-term equity investment is adjusted accordingly. The Company recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Company.

The unrealized profit or loss from internal transactions entered into between the Company and its associate or joint venture is offset according to the shareholding percentage held by the Company and the remaining portion is recognized as investment income or loss. However, the unrealized loss from internal transactions entered into between the Company and its investee is not offset if it belongs to impairment loss from assets transferred.

(3) Basis for determination of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In assessing whether joint control of an arrangement exists, the Company firstly assesses whether all the parties or a group of the parties control the arrangement collectively. When all the parties or a group of the parties must act together unanimously in directing the relevant activities, then all the parties or a group of the parties are regarded as having joint control of an arrangement. Then assess whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. Protective rights of any party are not considered when determining joint control.

Significant influence 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. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible shall be considered.

When the Company, directly or indirectly through subsidiaries, owns more than 20% (20% inclusive) but less than 50% of the voting shares of the investee, the Company has significant influence on the investee unless there is clear evidence to show that the Company cannot participate in the business and operation decisions of the investee, and accordingly cannot exercise any significant influence. When the Company owns less than 20% of the voting shares of the investee, the Company has no significant influence on the investee unless there is clear evidence to show that the Company can participate in the business and operation decisions of the investee, and accordingly can exercise a significant influence.

(4) Method of impairment testing and impairment provision

For investment of subsidiaries, associates and joint ventures, refer to Note III. 18 for the Company's method of asset impairment.

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

Fixed assets are only recognized when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Depreciation methods

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual rates and annual depreciation rates of each class of fixed assets are as follows:

Category	**Useful life (year)**	**Residual value rate %**	**Annual depreciation rate %**
Plant & buildings	20.00	0.00-5.00	4.75-5.00
Machinery & equipment	3-10	0.00-5.00	9.50-33.00
Electronic equipment	3-10	0.00-5.00	9.50-33.00
Motor vehicles	3-10	0.00-5.00	9.50-33.00
Other equipment	3-10	0.00	10.00-33.33

Including:

A. For fixed assets that have been provided for impairment, the depreciation should be calculated after the deduction of cumulative amount of the provision for impairment.

B. For the newly purchased instruments and equipment specially used for research and development after January 1, 2014, the fixed assets with amount less than RMB1 million will be included in the expenses for the current year.

(3) Impairment testing and the impairment provision of fixed assets refers to Note III. 18.

(4) The Company reviews the useful life, estimated net residual value and the depreciation method of fixed assets at the end of each financial year

Useful lives of fixed assets are adjusted if they are different with the initial estimates. Estimated net residual values are adjusted if they are different with the initial estimates.

(5) Overhaul costs

The overhaul costs incurred in regular inspection of fixed assets are capitalized as cost of fixed assets if there is clear evidence that it meets the recognition criteria of fixed assets. It is recognized in profit or loss for the current period if it does not meet the recognition criteria of fixed assets. Depreciation continues during the period of regular overhaul.

15. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use and other related expenses during the construction period.

Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

Provision for impairment of construction in progress refers to note III. 18.

16. Intangible assets

The Company's intangible assets include land use rights, trademark, domain name, proprietary technology, licensed technology and software.

Intangible asset is initially measured at cost and its useful life is determined on acquisition. An intangible asset with a finite useful life is amortized by a method which can reflect the expected realization of economic benefits related to the asset since the intangible asset is available for use. When the expected realization of economic benefits cannot be reliably determined, intangible asset is amortized under straight-line method. An intangible asset with an indefinite useful life is not amortized.

Amortization methods of intangible assets with finite useful life are shown as follows:

Category	**Useful life**	**Amortization method**	**Note**
Land use rights	Validity period of land use rights	Straight line method	No residual value
Proprietary technology	Less than 10 years	Straight line method	No residual value

Category	Useful life	Amortization method	Note
Licensed technology	10 years	Straight line method	No residual value
Software	Less than 5 years	Straight line method	No residual value

The Company reviews the finite useful life of an intangible asset and the amortization method at the end of each financial year. Any change is accounted for as a change in accounting estimate.

If an intangible asset is expected no longer in generating future economic benefits to the Company at the balance sheet date, the carrying amount of the asset is charged to profit or loss for the current period.

Impairment method of intangible assets refers to Note III. 18.

17. Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recorded in profit or loss when incurred.

Expenditure on the development phase is capitalized only when the Company can satisfy all of the following conditions: it is technical feasible that the intangible asset can be used or sold upon completion; there is intention to complete the intangible asset for use or sale; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; the expenses attributable to the development stage of the intangible asset can be measured reliably. Expenditure on the development phase is recorded in profit or loss for the current period if the above conditions are not met.

Research and development projects of the Company will enter into the development phase when they meet the above conditions and pass the technical feasibility and economic feasibility studies and necessary approval of the project.

Capitalized expenditure on the development phase is presented as “capitalized development expenditure” in the balance sheet and is transferred to intangible assets when the project is completed to its intended use.

18. Impairment of assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, fixed assets, construction in progress, intangible assets and goodwill are determined as follows:

At each balance sheet date, the Company determines whether there may be indication of impairment of the assets, if there is any, the Company will estimate the recoverable amount of the asset, and perform test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The recoverable amount of asset is estimated on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Company reduces its carrying amount to its recoverable amount, the reduced amount is recorded in profit or loss for the current period and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is conducted impairment test by comparing its carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognized, it is not reversed in the subsequent period.

19. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized evenly over the expected benefit period. For the long-term deferred expenses that cannot benefit in the future accounting period, their amortized value is recognized in profit or loss for the current period.

20. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented as "Employee benefits payable" and "Long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the accounting period in which employees have rendered services, the Company recognized the employee wages, bonus, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and charged to profit or loss for the current period or cost of relevant assets. If the liability is not expected to be settled wholly in twelve months after the balance sheet date, and the amount is significant, the liability is measured at the discounted amount.

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which a corporate pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(4) Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefits liability and charged to profit or loss for the current period at the earlier of the following dates: the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and when the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

21. Provisions

A provision is recognized as a liability when an obligation related to a contingency satisfied all of the following conditions:

(1) The obligation is a present obligation of the Company;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If all or part of the expenses necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying value of the provision.

The Company's provisions are mainly the accrual of expenditure in after-sales comprehensive service and sales rebates.

Expenditure in after-sales comprehensive service: At present, the sales contract of the power battery system and energy storage system signed between the Company and the customer are having a warranty clause. During the promised period of after-sales service by the Company, no matter how the market price index changes, the Company needs to bear the responsibility for the maintenance of the products sold. The Company recognizes the provisions based on the best estimate of the maximum loss that may occur.

Sales rebates: The Company signed contracts with some customers with a term of sales rebate. The Company recognizes the provisions according to the rebate clauses stipulated in the contracts.

22. Share-based payment

(1) Types of share-based payment

The share-based payment of the Company is equity-settled share-based payment.

(2) Determination of fair value of equity instruments

The Company determines the fair value of the granted equity instruments and other equity instruments that exist in an active market according to the quotation in the active market. For equity instruments such as options granted without active markets, the option pricing model is used to determine their fair value.

(3) Basis for the best estimate of vested equity instruments

At each balance sheet date of the vesting period, the Company revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible employees and other subsequent information. On vesting date, the number of expected vested equity instruments should be agreed with the actual number vested.

(4) Accounting treatment for implementation, modification, and termination of share-based payment

Equity-settled share-based payments are measured at the fair value of equity instruments granted to employees. Instruments which are exercised immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments for which the exercise right is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Company at each balance sheet date within the vesting period. No subsequent adjustment is made on the recognized relevant cost and expenses and owners' equity after the vesting date.

Where the terms of an equity-settled share-based payment are modified, if the modification increases the fair value of the equity instruments granted, the incremental fair value is recognized as additional service obtained; if the modification increases the number of equity instruments granted, the incremental fair value is recognized as additional service received. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument both estimated as at the date of modification. If the modification of terms and conditions of share-based payment arrangement reduces the total fair value of the share-based payment or is not otherwise beneficial to the employee, the Company nevertheless continue to account for the services received as if that modification had not occurred, other than the Company cancels of some or all the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized over the remainder of the vesting period and the capital reserve is credited accordingly. When employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, the Company deems the granted equity instruments are cancelled.

23. Revenue

(1) General principle

① Sale of goods

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement nor effective control over the goods sold, and related income can be measured reliably and the economic benefits are likely to flow to the Company, and the associated costs can be measured reliably.

② Rendering of services

When the result of rendering of services can be measured reliably, the Company recognizes related revenue from services in accordance with the percentage of completion as at the balance sheet date.

The completion progress of rendering service is recognized by service cost incurred as a percentage of estimated total work performed to the total services to be performed.

The result of rendering of services can be estimated reliably when all of the following conditions are satisfied: A) The amount of revenue can be measured reliably; B) The associated economic benefits are probable to flow into the Company; C) The completion progress of the transaction can be measured reliably; D) The costs incurred and to be incurred in the transaction can be measured reliably.

If the result of rendering of service transaction cannot be estimated reliably, revenue from rendering of services is recognized only to the extent of service cost incurred that is recoverable probably, and service cost incurred is charged to profit or loss for the current period. If the service cost incurred is not expected to be recoverable, no revenue is recognized.

③ Transfer of the right to use assets

Revenue is recognized when the economic benefits associated with the transfer of the right to use assets can flow to the Company and the amount can be measured reliably.

(2) Specific revenue recognition

Revenue is recognized when the goods are shipped to the customer and the customer accepted and signed on the receipts form.

24. Government grants

Government grant is recognized when prescribed conditions are satisfied and the grant will be received.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

A government grant related to an asset is a grant obtained by the Company for purchase, construction or formation of long-term assets. The grant not related to an asset is classified as government grant related to income.

For government grant with unspecified purpose, the amount of grant used to form a long-term asset or related to an asset is regarded as government grant related to an asset, the remaining amount of grant is regarded as government grant related to income. If it is not possible to distinguish, the amount of grant is treated as government grant related to income.

A government grant related to an asset is either deducted the carrying amount of the asset, or recognized as deferred income and amortized to profit or loss over the useful life of the related asset on a reasonable and systematic basis. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related expenses or losses are recognized. The Company adopts same treatment for those transactions of similar government grants.

Government grants relating to daily activities, according to the substance of business transaction, it is either recorded as other income or deduction of related expenditure. If it is not relating to daily activities, it is recorded as non-operating income.

Repayment of a government grant related to an asset, that initially deducted the carrying amount of the asset, is recognized by increasing the carrying amount of the asset; if there exists of the related deferred income balance, then the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period. Repayment of a government grant related to other situation, it is directly charged to profit or loss for the current period.

25. Deferred tax assets and deferred tax liabilities

Income tax comprises current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to transactions or items recognized directly in equity and goodwill arising from a business combination.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is neither a business combination nor affecting accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it

is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affecting accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Company reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

26. Operating leases

(1) The Company as the lessor

Income derived from operating leases is recognized in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2) The Company as leasee

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses for the current period on a straight-line method over the lease term. Initial direct costs are directly charged in profit or loss for the current period.

27. Repurchase of shares

The Company’s repurchased shares are managed as treasury stocks before cancellation or transfer, all expenditures of repurchased shares are transferred to the cost of treasury stocks. The consideration paid and transaction costs of repurchased shares reduce the owner's equity, gains or losses are not recognized when repurchasing, transferring or canceling the shares of the Company.

On transfer of treasury stocks, the difference between the amount actually received and the carrying amount of treasury stocks is recorded in capital reserve. If capital reserve is insufficient for deduction, then the excess is deducting the surplus reserves and undistributed profits. On retirement of treasury stocks, share capital is reduced by the par value of shares and number of shares canceled, the difference between the carrying amount of canceled treasury stocks and their par value is recorded in capital reserve. If the capital reserve is insufficient for deduction, then the excess is deducting the surplus reserves and undistributed profits.

28. Restricted shares

The Company grants restricted shares to participants in share incentive scheme and the participants subscribes the shares. If unlocking conditions in share incentive scheme are not achieved subsequently, the Company repurchases the shares based on the pre-determined price. The restricted shares that issued to employees are registered as new shares according to relevant provisions. The subscription price received by the Company is recognized as paid-in capital and capital reserve (share premium) and the obligation of shares repurchase is recognized as treasury shares and other payable.

29. Hedge accounting

When initially specifying the hedging relationship, the Company officially designated the hedging instrument and the hedged item, and there are formal written documents to record the hedging relationship, risk management strategy and risk management objectives. The content record includes the hedging tools, the hedged items, nature of the hedged risk and method of hedge effectiveness evaluation.

The Company continuously evaluates the effectiveness of hedging, and judges whether the hedging meets the effectiveness requirements of using hedging accounting within the accounting period specified by the hedging relationship. If it is not satisfied, the hedging relationship is terminated. The use of hedging accounting should meet the following requirements for the effectiveness of hedging:

① There is an economic relationship between hedged items and hedging instruments.

② Among the changes in value caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.

③ The hedging ratio of the hedging relationship should be equal to the ratio of the actual number of hedged items of the enterprise to the actual number of hedging instruments, but it should not reflect the imbalance of the relative weight of the hedged item and the hedging instrument. This imbalance will lead to invalid hedges and may produce accounting results that are inconsistent with the hedge accounting objectives.

If one of the following situations occurs in the Company, the use of hedge accounting will be terminated:
① Due to changes in risk management objectives, the hedging relationship no longer meets the risk management objectives.

② The hedging instrument has expired, is sold, the contract is terminated or has been exercised.

③ There is no longer an economic relationship between the hedged item and the hedging instrument, or in the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk begins to dominate.

④The hedging relationship no longer satisfies other conditions for using hedging accounting methods.

Cash flow hedge

Cash flow hedging refers to hedging of cash flow change risk. The change in cash flow originates from the specific risks related to the recognized assets or liabilities, the expected transactions that are likely to occur, or the above-mentioned project components, and will affect the profit and loss of the Company.

The profit or loss generated by the hedging instrument belongs to the effective part of the hedging, which is included in other comprehensive income as a cash flow hedge reserve. The portion that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income) is included in the profit or loss for the current period.

For cash flow hedging, the hedged item is an expected transaction, and the expected transaction causes the company to subsequently confirm a non-financial asset or non-financial liability, or when the expected transaction of non-financial assets or non-financial liabilities forms a certain commitment applicable to fair value hedge accounting, the Company transfers out the cash flow hedge reserve amount originally recognized in other comprehensive income, and recorded in the initial recognition amount of the asset or liability.

For cash flow hedges that are not in the above situation, the Company transfers out the cash flow hedge reserve amount originally recognized in other comprehensive income in the same period in which the expected cash flow of the hedged item affects the profit or loss, and the cash flow hedge reserve is recognized in the profit or loss for the current period.

If the amount of cash flow hedge reserve recognized in other comprehensive income is a loss, and all or part of the loss is expected to be irreparable in the future accounting period, the Company will estimate the irreparability, then transfers the expected irreparable part out of other comprehensive income and include it in the profit or loss for the current period.

When the Company terminates the use of hedging accounting for cash flow hedges, if the hedged future cash flow is expected to occur, the accumulated cash flow hedge reserve amount recognized in other comprehensive income will be retained until the expected transaction actually occurs At the time, the accounting policy of the above cash flow hedging will be followed. If the hedged future cash flow is expected to no longer occur, the amount of accumulated cash flow hedge reserve recognized in other comprehensive income is transferred out of other comprehensive income and included in the profit or loss for the current period. The hedged future cash flow expectations are no longer very likely to occur but may still be expected to occur. In the case where the expected still occurs, the accumulated cash flow hedge reserve amount is retained until the expected transaction actually occurs, and then following the above cash flow hedge accounting policy.

30. Changes in accounting policies and accounting estimates

(1) Changes in accounting policies

① New financial instruments standards

In 2017, the Ministry of Finance has issued “Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised) ”, “Accounting Standards for Business Enterprises No. 23 - Finance Asset Transfer (Revised) “, “Accounting Standards for Business Enterprises No.24 - Hedge Accounting (Revised) “, “Accounting Standards for Business Enterprises No.37 - Financial Instruments Presentation (Revised) “(collectively referred to as the “New Financial Instruments Standards”). The Company has implemented the New Financial Instruments Standards since January 1, 2019, and adjusted the relevant accounting policies. Refer to Note III.10 for accounting policies after the adjustment.

On the adoption date of the New Financial Instruments Standards, through assessing the business model of the management on financial assets and the characteristics of contractual cash flows of the financial assets, the financial assets are classified into three categories: measured at amortised cost, measured at fair value through other comprehensive income; and measured at fair value through profit or loss. If the host contract included in the hybrid contract is a financial asset, the embedded contract shall not be separated from the hybrid contract, but the relevant provisions of the classification of financial assets shall be applied to the hybrid contract as a whole.

The new financial instrument standard replaces the method for recognizing provision for impairment based on actual impairment losses as provided in the original financial instrument standard with the “expected credit loss” method. The "Expected Credit Loss” model requires continuous evaluation of the credit risk of financial assets. Therefore, under the new financial instrument standard, the Company's credit loss is recognized earlier than the original financial instrument standard.

Based on the expected credit losses, the Company performs impairment assessment and recognizes the loss allowances for the following items:

- Financial assets measured at amortized cost;
- Receivables and debts investments at fair value through other comprehensive income.

In accordance with the new financial instruments standards, the Company retrospectively adjusts the classification and measurement (including impairment) of financial instruments, except for certain specific situations. The difference between the original carrying amount of the financial instrument and the new carrying amount on the implementation date of the new financial instrument standards (ie, January 1, 2019) is included in retained earnings or other comprehensive income at the beginning of 2019. At the same time, the Company has not adjusted the comparative financial statements fingure.

As of January 1, 2019, comparison of classification and measurement of financial instruments under original financial instrument standards and new financial instruments standards:

Original Financial Instruments Standards			New Financial Instruments Standards		
Item	Category	Carrying amount	Item	Category	Carrying amount
Cash and bank balances	Amortized cost	27,731,189,739.92	Cash and bank balances	Amortized cost	27,823,943,731.79
Other receivables	Amortized cost	682,089,431.99	Other receivables	Amortized cost	589,281,314.94
Available-for-sale financial assets	Measured at fair value through other comprehensive income (Equity instruments)	588,642,598.20	Trading financial assets	Measured at fair value through profit or loss	
			Other equity instruments investment	Measured at fair value through other comprehensive income	588,642,598.20
	Measured at cost (Equity instruments)	927,878,500.00	Other non-current financial assets	Measured at fair value through profit or loss	
			Other equity instruments investment	Measured at fair value through other comprehensive income	927,878,500.00
Other current assets	Amortized cost	1,076,991,664.73	Trading financial assets	Measured at fair value through profit or loss	552,300,000.00
			Other current assets	Amortized cost	524,691,664.73

As of January 1, 2019, the reconciliation of classification of financial instruments and their carrying amount on adoption of new financial instruments standards:

Item	Carrying amount before adjustment (December 31, 2018)	Reclassification	Remeasurement	Carrying amount after adjustment (January 1, 2019)
Assets:				
Cash and bank balances	27,731,189,739.92	92,753,991.87		27,823,943,731.79
Trading financial assets	--	552,354,125.18		552,354,125.18
Other receivables	682,089,431.99	-92,808,117.05		589,281,314.94
Other current assets	1,076,991,664.73	-552,300,000.00		524,691,664.73
Available-for-sale financial assets	1,516,521,098.20	-1,516,521,098.20	--	--
Other equity instruments investment	--	1,516,521,098.20		1,516,521,098.20
Liabilities:				
Short-term loans	1,180,092,100.11	1,250,715.42		1,181,342,815.53
Financial liabilities at fair value through profit or loss	314,247,518.10	-314,247,518.10	--	--
Trading financial liabilities	--	314,247,518.10		314,247,518.10
Other payables	2,924,184,174.56	-19,842,845.23		2,904,341,329.33
Non-current liabilities due within one year	929,024,032.37	18,592,129.81		947,616,162.18

Reconciliation of loss allowance as of December 31, 2018 under original financial instruments standards and loss allowance as of January 1, 2019 under new financial instruments standards:

Category	Carrying amount before adjustment (December 31, 2018)	Reclassification	Remeasurement	Carrying amount after adjustment (January 1, 2019)
Provision for impairment of accounts receivable	269,802,842.69			269,802,842.69
Provision for impairment of other receivables	11,685,239.05			11,685,239.05

② New Debt Restructuring Standard

On May 16, 2019, the Ministry of Finance published the Accounting Standard for Business Enterprises No. 12 - Debt Restructuring (hereinafter referred to as the "New Debt Restructuring Standard"), which revised the definition of debt restructuring, clarified the applicable standards such as the Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments in relation to financial instruments in debt restructuring, clarified that assets other than the financial assets transferred to creditors shall be initially measured at cost, and clarified that the distinction between the profit or loss from asset disposal and the profit or loss from debt restructuring is no longer required when the debt is settled with assets by the debtor.

According to the requirements under Cai Kuai [2019] No. 6 Document, the “non-operating income” and “non-operating expenses” items no longer include gains or losses from disposal of non-current assets in debt restructuring.

The Company adopted the prospective application method for the new debt restructuring occurred on January 1, 2019, and did not make retrospective adjustments for the debt restructuring occurred before January 1, 2019.

③ New non-monetary exchange standard

The Ministry of Finance issued “Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets” (hereinafter referred to as “new non-monetary exchange standard”) on May 16, 2019, which clarifies the concepts of monetary assets and non-monetary assets and the scope of application of the standard, clarifies the timing of recognition of non-monetary asset exchange, clarifies the measurement basis and accounting methods of non-monetary asset exchange under different conditions and improves relevant information disclosure requirements. The Company adopts the prospective approach for the new non-monetary asset exchange transactions that occurred after January 1, 2019, and does not retroactively adjust the non-monetary asset exchange transactions that occurred before January 1, 2019.

④ Financial statements format

The Ministry of Finance issued the “Notice of the Ministry of Finance on Revising and Issuing the Format of General Financial Statements for 2019” (Caihui [2019] No. 6) on April 30, 2019, and at the same time, the “Notice on the Format of General Enterprise Financial Statements for 2018 (Caihui [2018] No. 15) is abolished. The Ministry of Finance issued the “Notice of the Ministry of Finance on Revising and Printing the Format of Consolidated Financial Statements (2019 Version) “ (Caihui [2019] No. 16) on September 19, 2019, and at the same time, the “Notice of the Ministry of Finance on Revising the Format of the 2018 Consolidated Financial Statements” (Caihui [2019] No. 1) is also abolished. According to Caihui [2019] No. 6 and Caihui [2019] No. 16, the Company made the following amendments to the financial statement format:

In balance sheet, “Notes receivable and accounts receivable” is split into “Notes receivable” and “Accounts receivable”, and “Notes payable and accounts payable” is split into “Notes payable” and “accounts payable”.

The Company adjusted the comparative data of the comparable period according to Caihui [2019] No. 6.

The revision of the financial statement format has no impact on the Company's total assets, total liabilities, net profit and other comprehensive income.

(2) Changes in accounting estimates

According to the resolution of the second meeting of the second board of directors on April 24, 2019, the Company intends to revise the depreciation period of power battery production equipment based on early technology. The useful life will be changed from 5 years to 4 years, which is still within the scope of depreciation period of the Company's machinery & equipment (3-10 years). The depreciation period of other categories of fixed assets remains unchanged. According to the revised depreciation period, the Company's 2019 depreciation increased by RMB 758.38 million, and the adverse impact on the Company's 2019 net profit did not exceed RMB 644.63 million.

(3) Adjustment of financial statements at 1/1/2019 by initial adoption of new financial instrument standards

Consolidated balance sheet

Item	As at 31/12/2018	2019.01.01	Adjustment amount
Current assets:			
Cash and bank balances	27,731,189,739.92	27,823,943,731.79	92,753,991.87
Trading financial assets		552,354,125.18	552,354,125.18
Derivative financial assets	512,661,245.82	512,661,245.82	
Notes receivable	9,742,890,628.44	9,742,890,628.44	
Accounts receivable	6,224,857,396.53	6,224,857,396.53	
Prepayments	864,640,798.47	864,640,798.47	
Other receivables	682,089,431.99	589,281,314.94	-92,808,117.05
Including: Interest receivables	92,808,117.05		-92,808,117.05
Inventories	7,076,101,849.47	7,076,101,849.47	
Other current assets	1,076,991,664.73	524,691,664.73	-552,300,000.00
Total current assets	53,911,422,755.37	53,911,422,755.37	
Non-current assets:			
Available-for-sale financial assets	1,516,521,098.20		-1,516,521,098.20
Long-term equity investment	965,198,180.81	965,198,180.81	
Other equity instruments investment		1,516,521,098.20	1,516,521,098.20
Fixed assets	11,574,665,757.11	11,574,665,757.11	
Construction in progress	1,623,838,222.94	1,623,838,222.94	
Intangible assets	1,346,171,137.42	1,346,171,137.42	
Goodwill	100,419,270.78	100,419,270.78	
Long-term deferred expenses	305,828,515.40	305,828,515.40	
Deferred tax assets	1,240,737,742.63	1,240,737,742.63	
Other non-current assets	1,298,901,335.85	1,298,901,335.85	
Total non-current assets	19,972,281,261.14	19,972,281,261.14	
Total assets	**73,883,704,016.51**	**73,883,704,016.51**	
Current liabilities:			

Item	As at 31/12/2018	2019.01.01	Adjustment amount
Short-term loans	1,180,092,100.11	1,181,342,815.53	1,250,715.42
Trading financial liabilities		314,247,518.10	314,247,518.10
Financial liabilities at fair value through profit or loss	314,247,518.10		-314,247,518.10
Notes payable	11,841,128,076.55	11,841,128,076.55	
Accounts payable	7,057,075,077.40	7,057,075,077.40	
Receipts in advance	4,994,400,867.91	4,994,400,867.91	
Employee benefits payable	1,122,253,456.83	1,122,253,456.83	
Taxes payable	722,536,564.72	722,536,564.72	
Other payables	2,924,184,174.56	2,904,341,329.33	-19,842,845.23
Including: Interest payable	19,842,845.23		-19,842,845.23
Non-current liabilities due within one year	929,024,032.37	947,616,162.18	18,592,129.81
Total current liabilities	31,084,941,868.55	31,084,941,868.55	
Non-current liabilities:			
Long term loans	3,490,767,815.96	3,490,767,815.96	
Long-term payables	943,414,523.31	943,414,523.31	
Provisions	2,512,382,681.52	2,512,382,681.52	
Deferred income	611,042,047.22	611,042,047.22	
Deferred tax liabilities	40,984,489.33	40,984,489.33	
Total non-current liabilities	7,598,591,557.34	7,598,591,557.34	
Total liabilities	**38,683,533,425.89**	**38,683,533,425.89**	
Shareholders' equity:			
Share capital	2,195,017,400.00	2,195,017,400.00	
Capital reserve	21,372,918,712.25	21,372,918,712.25	
Less: Treasury shares	793,701,060.00	793,701,060.00	
Other comprehensive income	-336,839,207.93	-336,839,207.93	
Surplus reserve	985,878,418.69	985,878,418.69	
Undistributed profits	9,515,006,632.30	9,515,006,632.30	
Total equity attributable to the parent company	32,938,280,895.31	32,938,280,895.31	
Minority interests	2,261,889,695.31	2,261,889,695.31	
Total shareholders' equity	35,200,170,590.62	35,200,170,590.62	

Item	As at 31/12/2018	2019.01.01	Adjustment amount
Total liabilities and shareholders' equity	**73,883,704,016.51**	**73,883,704,016.51**	

Parent Company Balance Sheet

Item	As at 31/12/2018	2019.01.01	Adjustment amount
Current assets:			
Cash and bank balances	25,766,498,988.04	25,850,223,989.55	83,725,001.51
Trading financial assets		164,048,195.40	164,048,195.40
Derivative financial assets	512,661,245.82	512,661,245.82	
Notes receivable	9,615,737,653.06	9,615,737,653.06	
Accounts receivable	6,961,550,739.72	6,961,550,739.72	
Prepayments	581,581,118.28	581,581,118.28	
Other receivables	3,646,482,185.07	3,562,708,988.16	-83,773,196.91
Including: Interest receivables	83,773,196.91		-83,773,196.91
Inventories	5,161,144,814.41	5,161,144,814.41	
Other current assets	351,757,540.20	187,757,540.20	-164,000,000.00
Total current assets	52,597,414,284.60	52,597,414,284.60	
Non-current assets:			
Available-for-sale financial assets	1,016,521,098.20		-1,016,521,098.20
Long-term equity investment	3,875,795,794.05	3,875,795,794.05	
Other equity instruments investment		1,016,521,098.20	1,016,521,098.20
Fixed assets	8,679,765,031.13	8,679,765,031.13	
Construction in progress	490,974,072.32	490,974,072.32	
Intangible assets	554,955,510.03	554,955,510.03	
Long-term deferred expenses	296,442,333.85	296,442,333.85	
Deferred tax assets	1,013,064,036.11	1,013,064,036.11	
Other non-current assets	251,964,596.66	251,964,596.66	
Total non-current assets	16,179,482,472.35	16,179,482,472.35	
Total assets	**68,776,896,756.95**	**68,776,896,756.95**	
Current liabilities:			
Short-term loans	400,000,000.00	400,505,083.33	505,083.33

Item	As at 31/12/2018	2019.01.01	Adjustment amount
Trading financial liabilities		314,247,518.10	314,247,518.10
Financial liabilities at fair value through profit or loss	314,247,518.10		-314,247,518.10
Notes payable	11,674,202,787.95	11,674,202,787.95	
Accounts payable	7,803,236,724.52	7,803,236,724.52	
Receipts in advance	4,972,349,951.67	4,972,349,951.67	
Employee benefits payable	1,035,559,691.49	1,035,559,691.49	
Taxes payable	550,225,157.18	550,225,157.18	
Other payables	2,921,015,709.95	2,915,106,489.34	-5,909,220.61
Including: Interest payable	5,909,220.61		-5,909,220.61
Non-current liabilities due within one year	854,963,872.53	860,368,009.81	5,404,137.28
Total current liabilities	30,525,801,413.39	30,525,801,413.39	
Non-current liabilities:			
Long term loans	3,055,648,551.22	3,055,648,551.22	
Provisions	2,510,119,964.81	2,510,119,964.81	
Deferred income	248,768,053.31	248,768,053.31	
Deferred tax liabilities	17,313,889.44	17,313,889.44	
Total non-current liabilities	5,831,850,458.78	5,831,850,458.78	
Total liabilities	**36,357,651,872.17**	**36,357,651,872.17**	
Shareholders' equity:			
Share capital	2,195,017,400.00	2,195,017,400.00	
Capital reserve	21,373,521,961.36	21,373,521,961.36	
Less: Treasury shares	793,701,060.00	793,701,060.00	
Other comprehensive income	-347,951,961.22	-347,951,961.22	
Surplus reserve	992,832,799.14	992,832,799.14	
Undistributed profits	8,999,525,745.50	8,999,525,745.50	
Total equity attributable to the parent company	32,419,244,884.78	32,419,244,884.78	
Total shareholders' equity	32,419,244,884.78	32,419,244,884.78	
Total liabilities and shareholders' equity	**68,776,896,756.95**	**68,776,896,756.95**	

Ⅳ. Taxation

1. Types of taxes and tax rate

Taxes	Tax Basis	Statutory Tax Rates %
Value added tax	Taxable income	16. 13. 6
Urban maintenance and construction tax	Subject to turnover tax	7. 5
Educational surcharge	On the bases of actual payments of turnover tax	3
Local educational surcharge	On the bases of actual payments of turnover tax	2
Enterprise income tax	Taxable profit	Note

Note: Except for the Company and the following subsidiaries, the applicable corporate income tax rate for all other taxable entities within the scope of consolidation is 25%.

Taxable entities	Enterprise income tax rate %
Qinghai Contemporary Amperex Technology Limited	15
Guangdong Brunp Recycling Technology Co., Ltd.	15
Hunan Brunp Recycling Technology Co., Ltd.	15
Hunan Brunp Vehicle Recycling Co., Ltd.	15
Longyan Sikang New Material Co., Ltd.	15
Jiangsu Contemporary Amperex Technology Limited	15
Brunp (China) Recycling Technology Co., Limited	8.25, 16.5
HK Brunp Resource Recycling Technology Co., Limited	8.25, 16.5
Hong Kong Brunp Contemporary Amperex Co., Ltd.	8.25, 16.5
Contemporary Amperex Technology (Hong Kong) Limited	8.25, 16.5
Contemporary Amperex Technology (Hong Kong) Mining Limited	8.25, 16.5
CATL Mining Engineering Limited	8.25, 16.5
CATL Mining No.1 Limited	8.25, 16.5
CATL Mining No.2 Limited	8.25, 16.5
Contemporary Amperex Technology GmbH	30.525
Contemporary Amperex Technology France	33.3
Contemporary Amperex Technology Canada Limited	26.9
Contemporary Amperex Technology (USA), Inc.	21-41
Contemporary Amperex Technology Japan KK	25-34.6

Taxable entities	Enterprise income tax rate %
Contemporary Amperex Technology Luxembourg S.à r.l.	30.525
Contemporary Amperex Technology Thuringia GmbH	30.525

2. Tax incentives and approval documents

(1) The Company and several subsidiaries are recognized as high-tech enterprises. According to the relevant regulations of the "Enterprise Income Tax Law of the People's Republic of China" and "Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China" and other relevant regulations, the enterprise income tax enjoys a preferential rate 15% and the policies are detailed in the table below:

No.	Company name	Effective tax rate	Preferential period
1	The Company	15%	2017-2019
2	Guangdong Brunp Recycling Technology Co., Ltd.	15%	2019-2021
3	Hunan Brunp Recycling Technology Co., Ltd. (Note)	15%	2019-2021
4	Hunan Brunp Vehicle Recycling Co., Ltd.	15%	2019-2021
5	Longyan Sikang New Material Co., Ltd.	15%	2019-2021
6	Jiangsu Contemporary Amperex Technology Limited	15%	2019-2021

Note: (1) According to Article 99 of the "Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China", the revenue generated in Hunan Brunp Recycling Technology Co., Ltd. ("Hunan Brunp"), a subsidiary of the Company, by using specified resources that is included in "Catalog for Resource Comprehensive Utilization Incentive of Enterprise Income Tax" as the main raw materials, and its taxable revenue is reduced to 90% of total revenue generated.

(2) According to relevant provisions "Notice on Collection of Consumption Tax on Batteries and Paints" (Caishui (2015) No. 16), the lithium-ion batteries business of the Company, its subsidiary Qinghai Contemporary Amperex Technology Limited (hereinafter referred to as "Qinghai Contemporary"), its subsidiary Jiangsu Contemporary Amperex Technology Limited (hereinafter referred to as "Jiangsu Contemporary"), and its subsidiary United Auto Battery Co., Ltd. and Dongfeng Amperex (Wuhan) Battery System Co., Ltd. (hereinafter referred to as "Dongfeng Amperex") are exempt from consumption tax.

(3) Since July 1, 2015, Hunan Brunp, a subsidiary of the Company, has sold self-produced products of comprehensive utilization of resources and provided service of comprehensive utilization of resources in accordance with the relevant provisions of "Catalog of Resource Comprehensive Utilization Products and Services Value Added Tax Preferential Policy" issued by the State Administration of Taxation, the value-added-tax enjoys a levy and refund policy with a tax refund ratio of 30%.

(4) According to the “Notice of the State Administration of Taxation and the General Administration of Customs of the Ministry of Finance on Deepening the Implementation of the Western Development Strategy Relevant Tax Policy Issues” (Caishui [2011] No. 58), the subsidiary, Qinghai Contemporary enjoys a preferential enterprise income tax rate of 15%.

Company name	Effective tax rate	Preferential period
QINGHAI CONTEMPORARY AMPEREX TECHNOLOGY LIMITED	15%	January 2015 to December 2020

(5) According to Hong Kong's newly revised tax regulations, for the tax year beginning after April 1, 2018, the profit tax rate for the first HKD 2 million profits is 8.25%, and part of the profits exceeding HKD 2 million is taxed at 16.5%.

V. Notes to the items of consolidated financial statements

1. Cash and bank balances

Item	As at 31/12/2019			As at 31/12/2018		
	Amount of foreign currency	Conversion rate	Amount in RMB	Amount of foreign currency	Conversion rate	Amount in RMB
Cash in hand:			**177,791.29**			**243,994.99**
RMB			33,017.70			92,346.87
USD	20,000.00	6.9762	139,524.00	20,000.00	6.8632	137,264.00
EUR	656.92	7.8155	5,134.16	1,833.00	7.8473	14,384.12
IDR	229,800.00	0.0005	115.43			
Bank balance:			**27,368,097,323.66**			**24,650,410,654.04**
RMB			25,308,741,387.57			23,895,819,974.40
USD	127,744,314.48	6.9762	891,169,886.31	61,319,482.40	6.8632	420,847,871.59
EUR	94,747,760.91	7.8155	740,501,125.39	42,374,710.83	7.8473	332,527,067.06
JPY	418,892,348.00	0.0641	26,845,135.01	15,514,841.00	0.0619	960,166.96
HKD	431,605,833.68	0.8958	386,632,505.81	287,596.10	0.8762	251,991.69
CAD	671.73	5.3421	3,588.45	711.05	5.0381	3,582.34
IDR	33,668,017.97	0.0005	16,911.46			
SGD	2,741,990.31	5.1739	14,186,783.66			
Bank deposits: Finance company deposits			24.53			8,030,246.20
Including: RMB			24.53			8,030,246.20
Other monetary funds:			**4,901,360,212.12**			**3,080,535,090.89**
RMB			4,898,881,133.57			3,062,557,619.05
USD	355,362.31	6.9762	2,479,078.55	2,619,400.84	6.8632	17,977,471.84
Total			**32,269,635,327.07**			**27,731,189,739.92**
Including: Total amount deposited			97,745,382.95			78,676,299.00

Item	As at 31/12/2019			As at 31/12/2018		
	Amount of foreign currency	Conversion rate	Amount in RMB	Amount of foreign currency	Conversion rate	Amount in RMB
overseas						

Note: Cash and bank balances at year end that are not included as cash and cash equivalents in the cash flow statement include: Deposits as held-to-maturity of RMB 4,115.00 million, security deposits of RMB 4,798.81 million and deposit certificate as pledge to bank borrowings of RMB 50.00 million.

Except for the above-mentioned balances at year end, there is no other pledged or frozen money, or deposits abroad, or funds repatriation subjected to restriction

2. Trading financial assets

Item	As at 31/12/2019	As at 31/12/2018
Trading financial assets	1,389,585,592.37	——

Note: Trading financial assets are all bank financial products.

3. Derivative financial assets

Item	As at 31/12/2019	As at 31/12/2018
Hedging instrument	1,812,135,529.60	512,661,245.82

Note: During the reporting period, the Company carried out hedging transactions by using metal futures contracts and forward foreign exchange contracts as hedging instruments. The balance as at December 31, 2019 includes the security deposits and gain or loss from changes in fair value of outstanding metal contracts and forward foreign exchange settlement contracts, details refer to Note V. 60 Hedging.

4. Notes receivable

Category	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	9,649,949,692.85		9,649,949,692.85	9,686,334,428.44		9,686,334,428.44
Commercial acceptance bills				56,556,200.00		56,556,200.00
Total	**9,649,949,692.85**		**9,649,949,692.85**	**9,742,890,628.44**		**9,742,890,628.44**

Note: There is no objective evidence that the Company's notes receivable is impaired and no provision for notes receivable is made.

(1) Notes receivable that has been pledged as of 31/12/2019

Category	Pledged amount as at year end
Bank acceptance bills	415,805,194.76

Note: As at year end, the pledged notes receivable (Bank acceptance bills) in total of RMB 415,805,194.76 were used as pledge in issuing notes payable (Bank acceptance bills).

(2) Notes receivables that have been endorsed or discounted at the end of the period and have not yet expired as of 31/12/2019

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	2,163,394,759.29	
Commercial acceptance bills	400,000,000.00	
Total	**2,563,394,759.29**	

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings. Commercial acceptance bills are used to discount to a financial company associated with customer A. The financial company associated with customer A has waived the right to recourse the commercial bill. Credit risk and deferred payment risk are minimal, and the interest rate risk associated with the bill has been transferred to banks and financial company associated with customer A, so the Company determined that the major risks and rewards on the ownership of the bill have been transferred, and derecognized the bills.

5. Accounts receivable

(1) Accounts receivable by ageing

Ageing	As at 31/12/2019
Within 1 year	8,235,599,073.20
Including:[Within 3 months]	6,219,597,622.62
[4 to 12 months]	2,016,001,450.58
Subtotal of within 1 year:	8,235,599,073.20
1 to 2 years	83,772,688.63
2 to 3 years	267,345,289.34
3 to 4 years	13,149,437.00
Subtotal	**8,599,866,488.17**
Less: Provision for bad debts	261,330,842.82
Total	**8,338,535,645.35**

(2) Accounts receivable by bad debt provision method

Category	As at 31/12/2019				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	193,239,360.21	2.25	153,527,329.30	79.45	39,712,030.91
Assessed by portfolio for provision for bad debts	8,406,627,127.96	97.75	107,803,513.52	1.28	8,298,823,614.44
Including: Receivables from external customers	8,406,627,127.96	97.75	107,803,513.52	1.28	8,298,823,614.44
Total	**8,599,866,488.17**	**100.00**	**261,330,842.82**	**3.04**	**8,338,535,645.35**

Continued

Category	2019.01.01				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	419,600,580.68	6.46	225,539,146.64	53.75	194,061,434.04
Assessed by portfolio for provision for bad debts	6,075,059,658.54	93.54	44,263,696.05	0.73	6,030,795,962.49
Including: Receivables from external customers	6,075,059,658.54	93.54	44,263,696.05	0.73	6,030,795,962.49
Total	**6,494,660,239.22**	**100.00**	**269,802,842.69**	**4.15**	**6,224,857,396.53**

Individually assessed for provision for bad debts:

Name	As at 31/12/2019			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	137,496,109.69	109,996,887.75	80.00	Difficult to recover
Debtor 2	18,002,033.35	9,001,016.68	50.00	Difficult to recover
Debtor 3	17,438,424.00	17,438,424.00	100.00	Litigation in progress, expected not recoverable
Debtor 4	13,879,208.57	13,879,208.57	100.00	Expected not recoverable

Debtor 5	6,423,584.60	3,211,792.30	50.00	Difficult to recover
Total	**193,239,360.21**	**153,527,329.30**	**79.45**	

Provision for bad debts on portfolios:

Provision on portfolio basis: Receivables from external customers

Ageing	As at 31/12/2019		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	8,235,599,073.20	27,916,345.73	0.34
Including: [Within 3 months]	6,219,597,622.62	14,930,898.97	0.24
[4 to 12 months]	2,016,001,450.58	12,985,446.76	0.64
1 to 2 years	49,653,062.38	4,216,398.68	8.49
2 to 3 years	108,225,555.38	62,521,332.11	57.77
3 to 4 years	13,149,437.00	13,149,437.00	100.00
Total	**8,406,627,127.96**	**107,803,513.52**	**1.28**

As at December 31, 2018, details of provision for bad debts as follows:

Category	As at 31/12/2018				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
Individually significant and assessed for impairment individually	419,600,580.68	6.46	225,539,146.64	53.75	194,061,434.04
Provision for bad debts of accounts receivable on portfolio basis					
Including: Ageing portfolio	6,075,059,658.54	93.54	44,263,696.05	0.73	6,030,795,962.49
Subtotal	6,075,059,658.54	93.54	44,263,696.05	0.73	6,030,795,962.49
Individually insignificant but assessed for impairment individually					
Total	**6,494,660,239.22**	**100.00**	**269,802,842.69**	**4.15**	**6,224,857,396.53**

(3) Additions, recoveries or reversals of provision for bad debts during the reporting period

	Provision for bad debts
As at 31/12/2018	269,802,842.69

	Provision for bad debts
Adjustment of initial adoption of new financial instrument standards	
2019.01.01	269,802,842.69
Provision for the year	81,135,150.37
Recovered or reversal in the year	89,607,150.24
Written-off for the year	
As at 31/12/2019	**261,330,842.82**

Including: Significant amount of recovery or reversal of provision for bad debts as follows:

Entity	Reason of reversal	Collection method	Previous basis of provision for bad debts	Amount recovered or reversed
Customer B	Cash received through arbitration	Cash	Expected not recoverable, and provided for 50% as bad debt	89,397,070.24

(4) Accounts receivable due from the top five debtors as at 31/12/2019

Accounts receivable due from the top five debtors as at 31/12/2019 was totaling RMB 3,398,114,638.57, which accounted for 39.51% of total accounts receivable, and the corresponding provision for bad debts as at 31/12/2019 was totaling RMB 7,126,515.49.

6. Prepayments

(1) Prepayments by ageing

Ageing	As at 31/12/2019		As at 31/12/2018	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	533,673,113.73	99.17	862,658,907.18	99.77
1 to 2 years	4,489,980.69	0.83	1,981,891.29	0.23
Total	**538,163,094.42**	**100.00**	**864,640,798.47**	**100.00**

(2) Prepayments due from the top five debtors as at 31/12/2019

Prepayments due from the top five debtors as at 31/12/2019 was totaling RMB 354,508,584.59, which accounted for 65.87% of total prepayments.

7. Other receivables

Item	As at 31/12/2019	As at 31/12/2018
Interest receivables		92,808,117.05

Other receivables	4,568,565,748.80	589,281,314.94
Total	**4,568,565,748.80**	**682,089,431.99**

(1) Interest receivables

Item	As at 31/12/2019	As at 31/12/2018
Interest income from bank deposits and financialproducts		92,808,117.05

(2) Other receivables

① Other receivables by ageing

Ageing	As at 31/12/2019
Within 1 year	3,598,360,967.19
Including:[Within 3 months]	2,392,179,649.95
[4 to 12 months]	1,206,181,317.24
Subtotal of within 1 year:	3,598,360,967.19
1 to 2 years	1,146,749,537.38
2 to 3 years	74,632,482.75
3 to 4 years	8,559,889.48
4 to 5 years	856,480.00
Over 5 years	118,320.00
Subtotal	**4,829,277,676.80**
Less: Provision for bad debts	260,711,928.00
Total	**4,568,565,748.80**

② Other receivables by category

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Receivables from employees	80,469,334.60		80,469,334.60	70,328,722.20		70,328,722.20
Security deposits or deposits	3,297,990,921.63	21,368,400.00	3,276,622,521.63	91,944,074.93		91,944,074.93
Other receivables	1,450,817,420.57	239,343,528.00	1,211,473,892.57	438,693,756.86	11,685,239.05	427,008,517.81
Total	**4,829,277,676.80**	**260,711,928.00**	**4,568,565,748.80**	**600,966,553.99**	**11,685,239.05**	**589,281,314.94**

③ Information of provision for bad debts

As at 31/12/2019, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	80,469,334.60			80,469,334.60	
Security deposits or deposits	3,276,622,521.63			3,276,622,521.63	
Other receivables	1,104,631,892.57			1,104,631,892.57	
Total	**4,461,723,748.80**			**4,461,723,748.80**	

As at 31/12/2019, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	299,157,600.00	64.29	192,315,600.00	106,842,000.00	Difficult to recover
Debtor 2	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Debtor 3	21,368,400.00	100.00	21,368,400.00		Expected not recoverable
Provision for bad debts on portfolio basis					
Debtor 1	31,128.00	100.00	31,128.00		Expected not recoverable
Total	**367,553,928.00**	**70.93**	**260,711,928.00**	**106,842,000.00**	

As at December 31, 2018, Provision for bad debts is as follow:

Category	As at 31/12/2018				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
Individually significant and subject to separate provision of other receivable	46,996,800.00	7.82	11,654,111.05	24.80	35,342,688.95
Provision for bad debts					

Category	As at 31/12/2018				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
collectively as a portfolio based on credit risk characteristics					
Including: Ageing portfolio	31,128.00		31,128.00	100.00	
Receivables from employees	70,297,526.66	11.70			70,297,526.66
Security deposits or deposits	91,944,074.93	15.30			91,944,074.93
Other receivables	391,697,024.40	65.18			391,697,024.40
Subtotal	553,969,753.99	92.18	31,128.00	0.01	553,938,625.99
Individually significant and subject to separate provision of other receivable					
Total	**600,966,553.99**	**100.00**	**11,685,239.05**	**1.94**	**589,281,314.94**

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at December 31, 2018			11,685,239.05	11,685,239.05
Adjustment of initial adoption of new financial instrument standards				
Balance at 1/1/2019			11,685,239.05	11,685,239.05
Changes of the balance at 1/1/2019 in the year				
-- transfer to second stage				
-- transfer to third stage				
-- transfer back to second stage				
-- transfer back to first stage				
Provision for the year			249,026,688.95	249,026,688.95
Reversal in the year				
Disposal in the year				
Written-off in the year				

Other changes		
Balance at 31/12/2019	260,711,928.00	260,711,928.00

⑤ Other receivables due from the top five debtors as at 31/12/2019

Entity	Nature	Other receivables as at 31/12/2019	Ageing	Proportion to total other receivables (%)	Provision for bad debts as at 31/12/2019
Debtor 1	Security deposits or deposits	2,130,000,000.00	Within 3 months	44.11	
Debtor 2	Other receivables	998,700,500.00	Within 3 months, 3 months to 1 year, 1 to 2 years, 2 to 3 years	20.68	
Debtor 3	Security deposits or deposits	954,962,748.85	Within 3 months, 3 months to 1 year	19.77	
Debtor 4	Other receivables	299,157,600.00	1 to 2 years	6.19	192,315,600.00
Debtor 5	Other receivables	100,000,000.00	1 to 2 years	2.07	
Total		**4,482,820,848.85**		**92.82**	**192,315,600.00**

8. Inventories

(1) Inventories by category

Item	As at 31/12/2019		
	Book balance	Provision for decline in value	Carrying amount
Raw materials	3,060,509,668.72	487,187,950.04	2,573,321,718.68
Work in progress	194,421,862.12		194,421,862.12
Reusable materials	22,288,827.10	661,305.85	21,627,521.25
Finished goods	3,879,826,602.00	403,309,787.72	3,476,516,814.28
Issuing goods	4,143,310,887.60	83,390,988.92	4,059,919,898.68
Semi-finished goods	994,233,145.23	73,059,005.31	921,174,139.92
Subcontracting materials	237,733,131.30	4,165,206.35	233,567,924.95
Total	**12,532,324,124.07**	**1,051,774,244.19**	**11,480,549,879.88**

(Continued)

Inventories	As at 31/12/2018		
	Book balance	Provision for decline in value	Carrying amount
Raw materials	1,144,698,302.89	293,155,588.08	851,542,714.81
Work in progress	303,155,749.65		303,155,749.65
Reusable materials	12,348,709.51	876,153.04	11,472,556.47
Finished goods	1,521,853,988.02	317,979,896.41	1,203,874,091.61
Issuing goods	3,382,571,914.26	90,498,269.28	3,292,073,644.98
Develoment costs	689,644,121.62		689,644,121.62
Semi-finished goods	607,694,783.83	56,114,951.53	551,579,832.30
Subcontracting materials	179,501,401.50	6,742,263.47	172,759,138.03
Total	**7,841,468,971.28**	**765,367,121.81**	**7,076,101,849.47**

(2) Provision for decline in value of inventories

Item	2019.01.01	Increase		Decrease		As at 31/12/2019
		Accrual	Other	Reversal or written-off	Other	
Raw materials	293,155,588.08	268,148,271.27		74,115,909.31		487,187,950.04
Reusable materials	876,153.04	126,813.67		341,660.86		661,305.85
Finished goods	317,979,896.41	341,358,110.30		256,028,218.99		403,309,787.72
Issuing goods	90,498,269.28	115,928,128.46		123,035,408.82		83,390,988.92
Semi-finished goods	56,114,951.53	16,944,053.78				73,059,005.31
Subcontracting materials	6,742,263.47			2,577,057.12		4,165,206.35
Total	**765,367,121.81**	**742,505,377.48**		**456,098,255.10**		**1,051,774,244.19**

Provision for decline in value of inventories (Continued)

Category	Specific basis for determining net realizable value	Reason of reversal or write-off of provision for decline in value
Raw materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Reusable materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales

Category	Specific basis for determining net realizable value	Reason of reversal or write-off of provision for decline in value
Finished goods	Estimated selling price deducting estimated taxes	Reversal on sales
Issuing goods	Estimated selling price deducting estimated taxes	Reversal on sales
Semi-finished goods	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Subcontracting materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales

9. Other current assets

Item	As at 31/12/2019	As at 31/12/2018
Input VAT	394,039,690.98	237,708,161.72
Input VAT pending for verification	852,271,495.02	285,520,419.22
Short-term financial products Investment		552,300,000.00
Financial assets at amortized cost	400,496,072.60	
Prepaid income tax	1,009,404.34	1,463,083.79
Total	**1,647,816,662.94**	**1,076,991,664.73**

10. Available-for-sale financial assets

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instruments	——	——	——	1,516,521,098.20		1,516,521,098.20
Including: Measured at fair value	——	——	——	588,642,598.20		588,642,598.20
Measured at cost	——	——	——	927,878,500.00		927,878,500.00
Total	——	——	——	**1,516,521,098.20**		**1,516,521,098.20**

11. Long-term equity investment

Investee	2019.01.01	Movement in the year								As at 31/12/2019	Provision for impairment as at 31/12/2019
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
①Joint ventures											
Shenzhen senta New Energy Technology Co., Ltd.	9,979,605.92			-3,732,555.68		7,508,034.74				13,755,084.98	
Subtotal	**9,979,605.92**			**-3,732,555.68**		**7,508,034.74**				**13,755,084.98**	
②Associates											
Beijing Pride Advanced Materials Limited	71,080,934.64			5,847,372.02						76,928,306.66	
Valmet Automotive Oy	205,552,924.87			16,201,977.11			-2,452,287.27			219,302,614.71	
SAIC-CATL EV Battery System Co., Ltd.	147,370,407.75			22,692,690.40						170,063,098.15	
North American Lithium Inc.	350,901,347.83			-48,346,283.45				-305,039,104.28	2,484,039.90	0.00	305,039,104.28
National New Energy Vehicle Technology Innovation Center	26,760,852.41			-10,283,126.46						16,477,725.95	
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	26,400,000.00									26,400,000.00	
Hubei GEM&BRUNP New Energy Materials Co., Ltd.	16,007,341.77			-388,712.99						15,618,628.78	
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	9,990,159.14			-572,314.41						9,417,844.73	
Nanjing Karui Innovation and Entrepreneurship	4,534,917.58			-123,155.31						4,411,762.27	

Investee	2019.01.01	Movement in the year								As at 31/12/2019	Provision for impairment as at 31/12/2019
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Management Service Co., Ltd.											
North American Nickel Inc.	70,369,688.90	2,831,313.00		-2,890,488.33					5,529,713.67	75,840,227.24	
Yibin Tianyi Lithium Industry Co., Ltd.	26,250,000.00	36,750,000.00		422,293.28						63,422,293.28	
Qujing Lintie Technology Co., Ltd.		40,000,000.00		-1,351,946.59						38,648,053.41	
Fujian Ningde Zhixiang infinite Technology Co., Ltd.		335,000,000.00		-6,625,544.68						328,374,455.32	
Fujian Contemporary Nebula Energy Technology Ltd.		20,000,000.00		-685,981.67						19,314,018.33	
GAC-CATL EV Battery System Co., Ltd.		49,000,000.00		-2,416,430.80						46,583,569.20	
Zhejiang QMB Engineering Service Co., Ltd.		30,000,000.00		-129,245.94						29,870,754.06	
Wuxi Langcun Investment Center (Limited Partnership)		5,500,000.00		-41,738.45						5,458,261.55	
Pilbara Minerals Limited		266,288,000.00		-10,721,871.11						255,566,128.89	
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.		125,000,000.00								125,000,000.00	
Subtotal	**955,218,574.89**	**910,369,313.00**		**-39,412,507.38**			**-2,452,287.27**	**-305,039,104.28**	**8,013,753.57**	**1,526,697,742.53**	**305,039,104.28**
Total	**965,198,180.81**	**910,369,313.00**		**-43,145,063.06**		**7,508,034.74**	**-2,452,287.27**	**-305,039,104.28**	**8,013,753.57**	**1,540,452,827.51**	**305,039,104.28**

Note: "Other" of movement in the year is due to the effect of foreign currency exchange rate on foreign investment.

12. Other equity instruments investment

Item	As at 31/12/2019	As at 31/12/2018
Guolian Automobile Battery Research Institute Co., Ltd.	41,000,000.00	——
Changjiang Chendao (Hubei) New Energy Industry Investment Partnership (Limited Partnership)	500,000,000.00	——
Sino-French Life Insurance Co., Ltd.	382,378,500.00	——
Hangzhou Pengcheng New Energy Technology Co., Ltd.	4,500,000.00	——
Guangdong Dongfang Precision Technology Co., Ltd.	484,500,000.00	——
Beiqi Blue Valley New Energy Technology Co., Ltd.	118,225,222.80	——
Total	**1,530,603,722.80**	——

Note: The above are the investment that the Company plans to hold for a long time for strategic purposes. The Company designates it as a financial asset measured at fair value through other comprehensive income.

Item	Cumulative loss
Guangdong Dongfang Precision Technology Co., Ltd.	171,000,000.00
Beiqi Blue Valley New Energy Technology Co., Ltd.	99,600,706.78
Total	**270,600,706.78**

13. Fixed assets

Item	As at 31/12/2019	As at 31/12/2018
Fixed assets	17,417,348,593.44	11,574,665,757.11

(1) Fixed assets

① Information of fixed assets

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Electronic equipment	Other	Total
I. Original book value:						
1.As at 31/12/2018	4,866,417,947.73	10,304,116,568.30	32,799,061.59	341,183,887.28	116,346,751.88	15,660,864,216.78
2.Increase	2,118,795,698.90	7,989,965,707.22	73,323,318.51	182,453,008.94	19,924,126.76	10,384,461,860.33
(1) Purchase	169,873.38	34,860,882.11	2,272,441.92	600,563.19	10,281,326.12	48,185,086.72
(2) Transfer from construction in progress	2,105,338,337.12	7,949,017,662.35	70,766,441.56	181,043,176.11	9,642,800.64	10,315,808,417.78
(3) Addition by business combination	13,287,488.40	6,087,162.76	284,435.03	809,269.64		20,468,355.83
3.Decrease		70,790,770.39	141,619.00	2,915,598.83	755,621.72	74,603,609.94

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Electronic equipment	Other	Total
(1) Disposal or scrapping		70,790,770.39	141,619.00	2,915,598.83	755,621.72	74,603,609.94
4. As at 2019.12.31	6,985,213,646.63	18,223,291,505.13	105,980,761.10	520,721,297.39	135,515,256.92	25,970,722,467.17
II. Accumulated depreciation						
1. As at 31/12/2018	279,050,323.13	3,635,102,907.72	13,946,830.14	123,545,319.82	34,553,078.86	4,086,198,459.67
2.Increase	304,473,813.52	3,708,786,769.68	9,764,074.70	92,417,959.19	23,989,883.35	4,139,432,500.44
(1) Accrual	303,949,532.37	3,708,216,431.88	9,682,652.52	92,092,280.73	23,989,883.35	4,137,930,780.85
(2) Addition by business combination	524,281.15	570,337.80	81,422.18	325,678.46		1,501,719.59
3.Decrease		58,478,983.68	135,038.05	2,475,944.45	528,859.25	61,618,825.43
(1) Disposal or scrapping		58,478,983.68	135,038.05	2,475,944.45	528,859.25	61,618,825.43
4. As at 2019.12.31	583,524,136.65	7,285,410,693.72	23,575,866.79	213,487,334.56	58,014,102.96	8,164,012,134.68
III. Provision for impairment						
1. As at 31/12/2018						
2.Increase		388,845,195.75		510,747.29	5,796.01	389,361,739.05
(1) Accrual		388,845,195.75		510,747.29	5,796.01	389,361,739.05
3.Decrease						
4. As at 2019.12.31		388,845,195.75		510,747.29	5,796.01	389,361,739.05
IV. Carrying amount						
1. Carrying amount as at 31/12/2019	6,401,689,509.98	10,549,035,615.66	82,404,894.31	306,723,215.54	77,495,357.95	17,417,348,593.44
2. Carrying amount as at 31/12/2018	4,587,367,624.60	6,669,013,660.58	18,852,231.45	217,638,567.46	81,793,673.02	11,574,665,757.11

Note: Certain fixed assets were pledged or guaranteed for borrowings, details refer to Note V.58.

② Fixed assets without property right registration

Item	Carrying amount	Reason of no property right registration
Guangdong Brunp Sanshui Park Buildings	157,022,691.29	Application in process
Hunan Brunp Park Buildings	140,695,889.81	Certain buildings application in process
Jiangsu CATL-SAIC Park Buildings	498,434,084.17	Application in process
Ningde Contemporary Lake East Park Buildings	653,188,883.43	Certain buildings application in process
Ningde Contemporary Lake West Park Buildings	1,256,184,116.26	Certain buildings application in process
Pingnan Contemporary Pingnan Park Buildings	133,999,363.83	Application in process
Qinghai Contemporary Park Buildings	23,444,718.27	Certain buildings application in process
Total	**2,862,969,747.06**	

14. Construction in progress

Item	As at 31/12/2019	As at 31/12/2018
Construction in progress	1,996,524,778.01	1,623,838,222.94

(1) Construction in progress

① Information of construction in progress

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Ningde Contemporary Lake West Park project	581,658,811.89		581,658,811.89	220,091,304.95		220,091,304.95
Technical transformation project	515,910,444.19		515,910,444.19	503,761,823.85		503,761,823.85
Jiangsu Contemporary Liyang Park Project	229,118,426.90		229,118,426.90	79,532,879.33		79,532,879.33
Pingnan Contemporary Pingnan Park Project	157,799,580.03		157,799,580.03	80,697,043.02		80,697,043.02
Guangdong Brunp Sanshui Park Project	13,244,052.87		13,244,052.87	145,549,001.78		145,549,001.78
Hunan Brunp Phase V Project	282,530,584.10		282,530,584.10	87,667,411.67		87,667,411.67
Contemporary SAIC Park Project	19,954,386.33		19,954,386.33	497,084,128.86		497,084,128.86
Contemporary FAW Park Project	22,140,987.46		22,140,987.46			
Contemporary Guangzhou Automobile Park Project	59,766,867.81		59,766,867.81			
Sichuan Contemporary Park Project	61,057,186.78		61,057,186.78			
Thuringia Contemporary Park Project	32,449,467.37		32,449,467.37			
Sundry projects	20,893,982.28		20,893,982.28	9,454,629.48		9,454,629.48
Total	**1,996,524,778.01**		**1,996,524,778.01**	**1,623,838,222.94**		**1,623,838,222.94**

② Movement of significant construction in progress

Project	2019.01.01	Increase	Transfer to fixed assets / intangible assets / long-term deferred expenses	Other decrease
Ningde Contemporary Lake West Park project	220,091,304.95	3,316,990,262.73	2,955,422,755.79	
Technical transformation project	503,761,823.85	1,696,222,858.26	1,684,074,237.92	
Jiangsu Contemporary Liyang Park Project	79,532,879.33	3,427,171,328.30	3,277,585,780.73	
Pingnan Contemporary Pingnan Park Project	80,697,043.02	216,573,009.76	139,470,472.75	
Guangdong Brunp Sanshui Park Project	145,549,001.78	171,739,043.65	304,043,992.56	
Hunan Brunp Phase V Project	87,667,411.67	530,549,458.99	335,686,286.56	
Contemporary SAIC Park Project	497,084,128.86	1,697,045,169.44	2,174,174,911.97	
Contemporary FAW Park Project		181,466,592.46	159,325,605.00	
Contemporary Guangzhou Automobile Park Project		59,766,867.81		
Sichuan Contemporary Park Project		61,057,186.78		
Thuringia Contemporary Park Project		32,449,467.37		
Total	**1,614,383,593.46**	**11,391,031,245.55**	**11,029,784,043.28**	

Continued:

Project	Accumulated capitalized interest	Including current capitalized interest	Capitalization rate%	As at 31/12/2019
Ningde Contemporary Lake West Park project				581,658,811.89
Technical transformation project				515,910,444.19
Jiangsu Contemporary Liyang Park Project				229,118,426.90
Pingnan Contemporary Pingnan Park Project				157,799,580.03
Guangdong Brunp Sanshui Park Project	11,218,770.07	4,958,177.38	4.9875	13,244,052.87

Project	Accumulated capitalized interest	Including current capitalized interest	Capitalization rate%	As at 31/12/2019
Hunan Brunp Phase V Project	17,359,595.40	11,913,820.83	5.1560	282,530,584.10
Contemporary SAIC Park Project				19,954,386.33
Contemporary FAW Park Project				22,140,987.46
Contemporary Guangzhou Automobile Park Project				59,766,867.81
Sichuan Contemporary Park				61,057,186.78
Thuringia Contemporary Park Project				32,449,467.37
Total	**28,578,365.47**	**16,871,998.21**		**1,975,630,795.73**

Movement of significant construction in progress (Continued) :

Project	Budget	Percentage of current input over budget (%)	Progress	Sources of funds
Ningde Contemporary Lake West Park project	11,660,000,000.00	41.84	Under construction	Self-financing
Technical transformation project	2,470,000,000.00	89.07	Under construction	Self-financing
Jiangsu Contemporary Liyang Park Project	12,000,000,000.00	37.15	Under construction	Self-financing
Pingnan Contemporary Pingnan Park Project	897,270,000.00	46.27	Under construction	Self-financing
Guangdong Brunp Sanshui Park Project	936,630,900.00	83.79	Under construction	Self-financing and borrowings
Hunan Brunp Phase V Project	1,300,000,000.00	85.00	Under construction	Self-financing and borrowings
Contemporary SAIC Park Project	7,000,000,000.00	33.20	Under construction	Self-financing
Contemporary FAW Park Project	4,400,000,000.00	4.12	Under construction	Self-financing
Contemporary Guangzhou Automobile Park Project	4,626,000,000.00	1.29	Under construction	Self-financing
Sichuan Contemporary Park Project	10,000,000,000.00	0.61	Under construction	Self-financing
Thuringia Contemporary Park Project	14,054,508,000.00	2.59	Under construction	Self-financing
Total	**69,344,408,900.00**			

15. Intangible assets

(1) Information of intangible assets

Item	Land use rights	Proprietary technology	Licensed technology	Software	Trademark	Domain name	Total
I. Original book value							
1.As at 31/12/2018	1,048,668,365.34	105,450,000.00	223,435,428.81	200,599,656.45	52,160,000.00	10,570,000.00	1,640,883,450.60
2.Increase	1,052,573,090.09		4,533,489.52	24,238,978.90			1,081,345,558.51
(1) Purchase	1,048,020,801.75		-	24,238,978.90			1,072,259,780.65
(2) Addition by business combination	4,552,288.34		4,533,489.52				9,085,777.86
3.Decrease	12,681,002.50						12,681,002.50
(1) Disposal	12,681,002.50						12,681,002.50
4.As at 31/12/2019	2,088,560,452.93	105,450,000.00	227,968,918.33	224,838,635.35	52,160,000.00	10,570,000.00	2,709,548,006.61
II. Accumulated amortization							
1.As at 31/12/2018	46,470,760.15	58,581,250.00	109,086,840.24	80,573,462.79			294,712,313.18
2.Increase	30,815,398.06	11,716,250.00	22,618,724.66	49,016,643.57			114,167,016.29
(1) Charge for the year	30,560,334.90	11,716,250.00	22,618,724.66	49,016,643.57			113,911,953.13
(2) Addition by business combination	255,063.16						255,063.16
3.Decrease	1,648,530.00						1,648,530.00
(1) Disposal	1,648,530.00						1,648,530.00
4. As at 31/12/2019	75,637,628.21	70,297,500.00	131,705,564.90	129,590,106.36			407,230,799.47
III. Provision for impairment							
IV. Carrying amount							
1. Carrying amount as at 31/12/2019	2,012,922,824.72	35,152,500.00	96,263,353.43	95,248,528.99	52,160,000.00	10,570,000.00	2,302,317,207.14
2. Carrying amount as at 31/12/2018	1,002,197,605.19	46,868,750.00	114,348,588.57	120,026,193.66	52,160,000.00	10,570,000.00	1,346,171,137.42

Note: Certain intangible assets were pledged or guaranteed for borrowings, details refer to Note V.58.

(2) At the end of reporting period, all land use rights have obtained title certificates.

16. Goodwill

(1) Book value of goodwill

Investee	As at 31/12/2018	Increase Business combination	Decrease Disposal	As at 31/12/2019
Guangdong Brunp Recycling Technology Co., Ltd.	100,419,270.78			100,419,270.78
Longyan Sikang New Material Co., Ltd.		47,532,616.45		47,532,616.45
Total	**100,419,270.78**	**47,532,616.45**		**147,951,887.23**

Note 1: The Company's goodwill was formed in January 2015 under the business combination not under common control of Guangdong Brunp Recycling Technology Co., Ltd. ("Guangdong Brunp"). At the end of the reporting period, the goodwill was tested for impairment and no provision for impairment was identified.

Note 2: The increase in goodwill was caused by the business combination not under common control of Longyan Sikang New Material Co., Ltd. ("Longyan Sikang") on November 15, 2019. At the end of the reporting period, the goodwill was tested for impairment and no provision for impairment was identified.

Note 3: The Company uses the method of present value of forecasted future cash flows to calculate the recoverable amount of the asset group. The Company estimates the cash flows in the next 5 years based on the financial budget approved by the management. The cash flows used in subsequent years is assumed to be consistent with the fifth year and will not exceed the long-term average growth rate of the business operations of the asset group. The pre-tax discount rate used to calculate the present value of future cash flows is 12.16% (prior period: 11.95%) for Guangdong Brunp and 16.18% for Longyan Sikang, which has reflected the risks in relevant segment. According to the results of the impairment test, there is no impairment of goodwill at the end of the current period (end of the previous period: none).

17. Long-term deferred expenses

Item	As at 31/12/2018	Increase	Decrease Amortization in the year	Decrease Other decrease	As at 31/12/2019
Project reconstruction expenditure	7,866,989.27	17,588,121.28	4,848,028.32		20,607,082.23
Production mold	41,183,461.31	10,485,639.50	30,551,255.73		21,117,845.08
Outdoor facilities	254,198,564.50	201,265,830.80	119,553,423.96		335,910,971.34
Other	2,579,500.32	18,933,880.08	5,053,260.98		16,460,119.42
Total	**305,828,515.40**	**248,273,471.66**	**160,005,968.99**		**394,096,018.07**

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offsetting

Item	As at 31/12/2019		As at 31/12/2018	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
Deferred tax assets:				
Accrued sales rebate	2,493,643,734.73	381,083,982.01	829,107,601.36	127,039,534.62
Accrued expenses	453,206,231.20	67,993,144.68	469,149,272.97	72,622,228.84
Deductible losses	16,718,383.20	4,179,595.80	4,030,890.56	1,007,722.64
Staff salaries payable	1,237,836,738.14	189,322,738.03	896,650,796.40	135,465,785.33
Provision for impairment of assets	1,747,752,249.79	264,536,430.18	900,687,419.89	135,131,905.39
Loss from changes in fair value	286,915,936.00	43,037,390.40	314,247,518.10	47,137,127.72
Equity incentive expenses	1,131,884,701.07	169,782,705.16	451,385,319.41	67,707,797.91
Provision for after-sales comprehensive service fee	2,790,778,887.11	424,768,558.26	1,683,275,080.16	252,491,262.03
Unrealized profits from internal transactions	621,335,604.75	96,322,862.74	549,406,982.99	85,717,762.43
Subsidies that have been included in taxable income	731,567,351.66	131,207,004.41	340,104,681.07	70,420,917.10
Difference in accounting depreciation period shorter than tax law depreciation period	1,052,608,428.59	186,764,545.61	1,142,207,284.15	182,296,467.77
Difference in licensed technology tax base greater than its carrying amount	14,730,372.47	2,209,555.87	18,412,965.60	2,761,944.84
Changes in fair value of available-for-sale financial assets included in other comprehensive income	——	——	284,683,331.38	42,702,499.71
Changes in fair value of other equity	270,600,706.78	40,590,106.03	——	——

Item	As at 31/12/2019		As at 31/12/2018	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
investments included in other comprehensive income				
Changes in the effective portion of cash flow hedge gains and losses included in other comprehensive income			121,565,242.04	18,234,786.30
Cash flow hedge reserve	516,079,425.57	77,411,913.84		
Subtotal	**13,365,658,751.06**	**2,079,210,533.02**	**8,004,914,386.08**	**1,240,737,742.63**
Deferred tax liabilities:				
Appreciation of assets appraisal of business combination not under common control	150,596,532.93	22,589,479.94	157,803,999.27	23,670,599.89
Gain on transfer of available-for-sale financial assets	——	——	115,425,929.58	17,313,889.44
Gain on transfer of other equity investments	115,425,929.58	17,313,889.44	——	——
Changes in the effective portion of cash flow hedge gains and losses included in other comprehensive income	341,923,868.87	51,288,580.33		
Subtotal	**607,946,331.38**	**91,191,949.71**	**273,229,928.85**	**40,984,489.33**

(2) Deductible temporary differences and deductible tax losses of unrecognized deferred tax assets

Item	As at 31/12/2019	As at 31/12/2018
Deductible temporary differences	591,086,715.61	146,167,783.66
Deductible losses	210,522,827.05	67,735,407.93
Unrealized profits from internal transactions	25,741,917.69	10,594,636.53
Total	**827,351,460.35**	**224,497,828.12**

Deductible losses brought forward from prior year was RMB 64,723,316.25 and the increase of RMB 3,012,091.68 was caused by the business combination not under common control of Longyan Sikang.

(3) Expiry of deductible tax losses of unrecognized deferred tax assets in subsequent periods

Year	As at 31/12/2019	As at 31/12/2018
2019	——	
2020	1,202,842.49	1,267,412.84
2021	763,506.86	763,506.86
2022	5,074,519.38	5,276,892.29
2023	41,547,851.57	60,427,595.94
2024	161,934,106.75	——
Total	**210,522,827.05**	**67,735,407.93**

19. Other non-current assets

Item	As at 31/12/2019	As at 31/12/2018
Prepayment for construction and equipment	2,231,058,370.82	1,298,901,335.85
Prepaid land consideration	17,475,600.00	
Total	**2,248,533,970.82**	**1,298,901,335.85**

20. Short-term loans

(1) Short-term loans by category

Item	As at 31/12/2019	As at 31/12/2018
Unsecured loans	882,154,459.75	817,400,000.00
Pledged loans	549,684,453.23	15,000,000.00
Guaranteed loans	619,097,679.27	232,692,100.11
Mortgage, pledged and guaranteed loans	74,710,089.52	115,000,000.00
Total	**2,125,646,681.77**	**1,180,092,100.11**

Note: Certain properties were pledged or mortaged for borrowings, details refer to Note V.58.

21. Trading financial liabilities

Item	As at 31/12/2018	Adjustment in adoption of new standards	2019.01.01	Increase	Decrease	As at 31/12/2019
Designated as financial liabilities at fair value through profit or loss	--	314,247,518.10	314,247,518.10		27,331,582.10	286,915,936.00

Note: For details, please refer to Note XIV. Other Important Matters.

22. Financial liabilities at fair value through profit or loss

Item	As at 31/12/2019	As at 31/12/2018
Designated at financial liabilities at fair value through profit or loss	——	314,247,518.10

23. Notes payable

Category	As at 31/12/2019	As at 31/12/2018
Bank acceptance bills	17,134,312,205.50	11,404,711,356.45
Commercial acceptance bills	285,885,584.90	436,416,720.10
Total	**17,420,197,790.40**	**11,841,128,076.55**

Note: At the end of the reporting period, there is no overdue notes payable.

24. Accounts payable

Item	As at 31/12/2019	As at 31/12/2018
Purchase of goods	7,255,117,065.37	5,807,708,266.35
Construction and equipment payables	3,437,020,435.30	1,249,366,811.05
Total	**10,692,137,500.67**	**7,057,075,077.40**

Significant accounts payable with ageing over one year

Item	As at 31/12/2019	Reason of outstanding
Creditor 1	208,064,443.32	Not reach the contract payment term
Creditor 2	60,135,968.00	Not reach the contract payment term
Total	**268,200,411.32**	

25. Receipts in advance

Item	As at 31/12/2019	As at 31/12/2018
Sale of goods	6,161,443,242.83	4,994,400,867.91

(1) Significant receipts in advance with ageing over one year

Item	As at 31/12/2019	Reason of outstanding
Creditor 1	3,230,461,633.53	Not reach the contract settlement term
Creditor 2	308,420,107.15	Not reach the contract settlement term
Creditor 3	75,417,322.53	Not reach the contract settlement term
Total	**3,614,299,063.21**	

26. Employee benefits payable

Item	As at 31/12/2018	Increase	Decrease	As at 31/12/2019
Short-term employee benefits	1,122,055,723.93	3,982,187,640.72	3,523,365,812.89	1,580,877,551.76
Post-employment benefits - defined contribution plans	197,732.90	219,164,603.72	217,964,366.85	1,397,969.77
Total	**1,122,253,456.83**	**4,201,352,244.44**	**3,741,330,179.74**	**1,582,275,521.53**

(1) Short-term employee benefits

Item	As at 31/12/2018	Increase	Decrease	As at 31/12/2019
Salaries, bonus, and allowances	1,018,246,305.29	3,557,973,702.73	3,066,411,490.37	1,509,808,517.65
Staff welfare	102,989,033.34	182,009,548.97	216,427,048.64	68,571,533.67
Social insurances	147,285.14	139,539,924.30	139,512,114.08	175,095.36
Include: 1. Medical insurance	124,695.88	115,768,659.18	115,739,411.58	153,943.48
2. Work injury insurance	15,524.36	15,407,584.99	15,408,247.62	14,861.73
3. Maternity insurance	7,064.90	8,363,680.13	8,364,454.88	6,290.15
Housing Fund	73,681.00	92,956,333.12	92,869,415.00	160,599.12
Union funds and employee education	599,419.16	9,708,131.60	8,145,744.80	2,161,805.96
Total	**1,122,055,723.93**	**3,982,187,640.72**	**3,523,365,812.89**	**1,580,877,551.76**

(2) Defined contribution plan

Item	As at 31/12/2018	Increase	Decrease	As at 31/12/2019
Post-employment benefits	197,732.90	219,164,603.72	217,964,366.85	1,397,969.77
Including: 1. Basic pension insurance	194,008.14	212,647,646.66	211,447,813.49	1,393,841.31
2. Unemployment insurance	3,724.76	6,516,957.06	6,516,553.36	4,128.46
Total	**197,732.90**	**219,164,603.72**	**217,964,366.85**	**1,397,969.77**

27. Taxes payable

Item	As at 31/12/2019	As at 31/12/2018
Enterprise income tax	794,112,230.98	626,958,383.46
Value added tax	115,345,680.55	66,473,037.08
Personal Income Tax	10,683,929.72	7,239,791.10
Property tax	13,481,636.13	8,506,030.99
Urban maintenance and construction tax	13,885,285.77	4,581,984.98
Educational surcharge	9,918,061.27	3,272,035.48
Land use tax	3,541,698.40	3,076,967.19
Stamp duty	1,544,977.71	1,678,028.41
Flood control fee	277,155.00	617,845.74
Other taxes	193,912.51	132,460.29
Total	**962,984,568.04**	**722,536,564.72**

28. Other payables

Item	As at 31/12/2019	As at 31/12/2018
Interest payable		19,842,845.23
Dividend payable	2,418,687.95	
Other payables	5,295,890,304.78	2,904,341,329.33
Total	**5,298,308,992.73**	**2,924,184,174.56**

(1) Interest payable

Item	As at 31/12/2019	As at 31/12/2018
Interest payable for long-term loans by instalments		18,592,129.81

Short-term loans interest payable	1,250,715.42
Total	**19,842,845.23**

(2) Dividend payable

Item	As at 31/12/2019	As at 31/12/2018
Dividend of common shares	2,418,687.95	

(3) Other payables

Item	As at 31/12/2019	As at 31/12/2018
Security deposits for hedging instruments	1,470,211,660.73	600,592,635.27
Repurchase obligations of restricted shares	1,044,392,836.00	785,571,000.25
Accrued freight and utilities	661,559,073.33	504,562,532.52
Security deposits for contracts	926,244,100.00	960,134,659.94
Other	1,193,482,634.72	53,480,501.35
Total	**5,295,890,304.78**	**2,904,341,329.33**

Significant other payables with ageing over one year

Item	Amount	Reason of outstanding
Security deposits	800,000,000.00	Not reach the contract payment term

29. Non-current liabilities due within one year

Item	As at 31/12/2019	As at 31/12/2018
Long-term loans due within one year	982,795,678.22	888,763,606.52
Long-term payables due within one year	94,672,816.87	40,260,425.85
Total	**1,077,468,495.09**	**929,024,032.37**

(1) Long-term loans due within one year

Item	As at 31/12/2019	As at 31/12/2018
Mortgage loans	668,999,028.30	579,832,420.52
Mortgage and Guaranteed loans	140,610,023.09	39,931,186.00
Guaranteed loans	32,126,226.82	

Unsecured loans	141,060,400.01	269,000,000.00
Total	**982,795,678.22**	**888,763,606.52**

(2) Long-term payables due within one year

Item	As at 31/12/2019	As at 31/12/2018
Financing lease payments	35,010,883.02	40,260,425.85
Jiangsu Zhongguancun Science and Technology Industrial Park Management Committee loans	19,344,767.28	
CDB Development Fund Co., Ltd. loans	40,317,166.57	
Total	**94,672,816.87**	**40,260,425.85**

30. Long term loans

Item	As at 31/12/2019	Range of interest rate	As at 31/12/2018	Range of interest rate
Mortgage loans	3,589,094,850.98	3.00%-4.755%	2,855,480,971.74	3.00%-4.75%
Unsecured loans	781,060,400.01	2.65%-4.90%	1,049,000,000.00	2.65%-4.90%
Mortgage and Guaranteed loans	1,503,087,497.38	4.75%-5.2725%	475,050,450.74	4.90%~5.04%
Guaranteed loans	90,116,111.11	4.75%		
Subtotal	**5,963,358,859.48**		**4,379,531,422.48**	
Less: Long-term loans due within one year	982,795,678.22		888,763,606.52	
Total	**4,980,563,181.26**		**3,490,767,815.96**	

Note: Certain properties were pledged or guaranteed for borrowings, details refer to Note V.58.

31. Bonds payable

Item	As at 31/12/2019	As at 31/12/2018
Corporate bonds	1,508,339,195.70	

(1) Movement of bond payables

Bonds	Face value	Issue date	Bond period	Issued amount
Contemporary Amperex Technology Co., Limited 2019 Public Offering of Corporate Bonds to Qualified Investors (Phase 1)	1,500,000,000.00	2019 / 10 / 28	5 years	1,500,000,000.00

Bonds payable (Continued)

Bonds	As at 31/12/2018	Issued in the year	Interest accrual on face value	Amortization of discount or premium	Repayment in the year	As at 31/12/2019
Contemporary Amperex Technology Co., Limited 2019 Public Offering of Corporate Bonds to Qualified Investors (Phase 1)		1,500,000,000.00	9,200,000.00	860,804.30		1,508,339,195.70

32. Long-term payables

Item	As at 31/12/2019	As at 31/12/2018
Long-term payables	873,618,580.61	943,414,523.31

(1) Long-term payables

Item	As at 31/12/2019	As at 31/12/2018
CDB Development Fund Co., Ltd. loans (Note 1)	690,317,166.57	690,000,000.00
Jiangsu Zhongguancun Science and Technology Industrial Park Management Committee loans (Note 2)	219,344,767.28	200,000,000.00
Financing lease payments	58,629,463.63	93,674,949.16
Subtotal	**968,291,397.48**	**983,674,949.16**
Less: Long-term payables due within one year	94,672,816.87	40,260,425.85
Total	**873,618,580.61**	**943,414,523.31**

Note 1: On October 23, 2015, CDB Development Fund Co., Ltd. (hereinafter referred to as "CDB Development Fund") and the Company's subsidiary Contemporary Lithium Power Limited (hereinafter referred to as "Contemporary Lithium Power") signed the "CDB Development Fund Investment Contract" (hereinafter referred to as "Investment Contract"). CDB Development Fund invested in construction project of lithium-ion power and energy storage battery system production line carried by Contemporary Lithium Power in the form of RMB 500.00 million capital contribution to Contemporary Lithium Power. After the capital increase, the registered capital of Contemporary Lithium Power was increased from RMB 600.00 million to RMB 1,100.00 million. The shareholding by CDB Development Fund is 45.45%, and the Company's shareholding is changed to 54.55%. After the capital increase, CDB Development Fund does not appoint any director, supervisor or senior management personnel. Both parties agree that the shareholders' meeting is the highest authority of Contemporary Lithium Power. Only major issues affecting the CDB Development Fund need to be passed by 2/3 or more of the voting rights of all shareholders, and other matters need to be passed by more than half of all shareholders' voting rights.

On December 30, 2015, CDB Development Fund and the Company's subsidiary Qinghai Contemporary signed the "CDB Investment Contract" (hereinafter referred to as the "Investment Contract"). CDB Development Fund invested in the development and production project of Power and Energy Storage Lithium Battery carried by Qinghai Contemporary in the form of RMB 190.00 million capital contribution to Qinghai Contemporary. After the capital increase, the registered capital of Qinghai Contemporary is increased from RMB100.00 million to RMB 290.00 million. The shareholding by CDB Development Fund is 65.5%, and the Company's shareholding is changed to 34.5%. After the capital increase, CDB Development Fund does not appoint any director, supervisor or senior management personnel. Only major issues affecting the CDB Development Fund need to be passed by 2/3 or more of the voting rights of all shareholders, and other matters need to be passed by more than half of all shareholders' voting rights. In February 2016, the Company increased the capital contribution to Qinghai Contemporary by RMB190 million. After the capital increase, the Company's shareholding ratio was changed to 60.4%.

CDB Development Fund's capital investment in Contemporary Lithium Power and Qinghai Contemporary is distributed for fixed profit annually for a period of 15 years. On expiration, the Company is obliged to repurchase the shares held by CDB Development Fund in Contemporary Lithium Power and Qinghai Contemporary. In order to protect the principal and investment income of the CDB Development Fund, the Company pledged the bank deposit certificate of RMB 50,000,000.00 and letter of guarantee of RMB 500,000,000.00 to China Development Bank Fujian Branch. In preparation of consolidated financial statements, the Company treated the capital contribution by CDB Development Fund as a liability. The amount of interest accrued based on the effective interest rate method at the end of the period was RMB 317,166.57.

Note 2: The Company's subsidiary Guangdong Brunp and Far East International Leasing Co., Ltd. signed the "Financial Lease Contract". The Company's subsidiary Guangdong Brunp provided a collateral by mortgage of its machinery & equipment (with carrying amount of RMB 15,581,030.32 as at December 31, 2018), and the Company's subsidiaries, Hunan Brunp, Sanshui Brunp and Hunan Brunp Vehicle Recycling Co., Ltd. provided joint liability guarantee. As at 31/12/2019, the balance of long-term payables is RMB 9,462,697.13.

33. Provisions

Item	**As at 31/12/2019**	**As at 31/12/2018**	**Cause of formation**
After-sales comprehensive service fee	2,796,129,527.67	1,683,275,080.16	Estimated cost of quality warranty according to the quality warranty agreement
Sales rebate	2,493,643,734.73	829,107,601.36	Rebate in accordance with specific rebate agreement or contract
Total	**5,289,773,262.40**	**2,512,382,681.52**	

34. Deferred income

Item	**As at 31/12/2018**	**Increase**	**Decrease**	**As at 31/12/2019**
Government grants	611,042,047.22	383,908,855.00	181,714,247.36	813,236,654.86

Details of government grants are as follows:

Item	As at 31/12/2018	Addition of subsidy amount	Amount recognized in profit for loss in the year	Other changes	As at 31/12/2019	Related to assets / Related to income
Hudong Power Battery Project	10,514,594.65		10,514,594.65			Related to income
New-generation lithium-ion power battery industrialization technology development project (Note 1)	42,568,093.52	7,350,000.00	13,445,605.56		36,472,487.96	Related to income
New-type lithium battery energy storage technology development and application (Note 2)	32,998,859.19	7,561,000.00	15,203,706.54		25,356,152.65	Related to income
Phase V industry supporting funds	81,000,000.00				81,000,000.00	Related to assets
Nanchuan Industrial Park Project Supporting Fund	30,572,773.56		696,154.20		29,876,619.36	Related to assets
Jiangsu Contemporary Production Base Project	48,750,000.00		2,499,999.96		46,250,000.04	Related to assets
Jiangsu Contemporary Research and Development Subsidy	16,928,877.42		16,928,877.42			Related to income
Huxi Power Battery Project	146,793,600.00		73,396,800.00		73,396,800.00	Related to income
Contemporary SAIC Advanced Power Battery Project	125,647,478.56		2,595,128.64		123,052,349.92	Related to assets
Energy storage technology project (Note 3)		89,000,000.00	12,850,322.58		76,149,677.42	Related to income
Subsidies for the construction of Huxi base (Note 4)		51,860,000.00	2,592,999.98		49,267,000.02	Related to assets
Innovation laboratory construction subsidy (Note 5)		10,000,000.00	163,934.43		9,836,065.57	Related to income
CATL-GAC Power Battery Project (Note 6)		100,000,000.00	8,333,333.33		91,666,666.67	Related to income
CATL-FAW Power Battery Project (Note 7)		70,863,455.00	5,296,164.94		65,567,290.06	Related to income
Qinghai CATL base construction project (Note 8)		36,970,000.00	384,954.64		36,585,045.36	Related to assets
Industrialization of cathode materials for electric vehicles	13,713,166.66		1,133,666.72		12,579,499.94	Related to assets
Qinghai CATL Public Rental Housing Construction Project	7,918,733.16		482,359.44		7,436,373.72	Related to assets
Multi-mode drive plug-in electrical passenger car performance optimization project	6,815,529.41		1,862,902.08		4,952,627.33	Related to income
Total	**564,221,706.13**	**373,604,455.00**	**168,381,505.11**		**769,444,656.02**	

Note:

Note 1: The Company received subsidies of RMB 29.05 million from August to December 2016, RMB 33.00 million from February to December 2017, RMB 3.60 million from August to December 2018, and RMB 7.35 million in 2019 which were used for New-generation lithium-ion power battery industrialization technology development project. As the project subsidy is difficult to distinguish from relating to assets or income, the Company classifies the whole as government grants related to income.

Note 2: The Company received subsidies of RMB 32.32 million in September 2016, RMB 11.89 million from January to December 2017, RMB 5.58 million from September to December 2018, and RMB 7.56 million in 2019 which were used for New-type lithium battery energy storage technology development and application. As the project subsidy is difficult to distinguish from relating to assets or income, the Company classifies the whole as government grants related to income.

Note 3: From June to December 2019, the Company received subsidies of RMB 89 million, and the project period is 2018.1-2020.12, which is used to support Energy storage technology project. As the project subsidy is difficult to distinguish from relating to assets or income, the Company classifies the whole as government grants related to income.

Note 4: In January 2019, the Company received subsidies of RMB 51.86 million yuan for subsidies of the construction of Huxi base, which was used for the construction of a project for the production of Huxi lithium-ion power battery production base and intelligent upgrade of power and energy storage battery system expansion and reconstruction projects. The Company classifies it as government grants related to assets.

Note 5: In December 2019, the Company received a subsidy of RMB 10 million for the Innovation laboratory construction, including laboratory infrastructure construction, talent team introduction and other related management activities. As the project subsidy is difficult to distinguish from relating to assets or income, the Company classifies the whole as government grants related to income.

Note 6: From September to November 2019, the Company's subsidiary CATL-GAC received a subsidy of RMB 100 million for the CATL-GAC power battery project. As the project subsidy is difficult to distinguish from relating to assets or income, CATL-GAC classifies the whole as government grants related to income.

Note 7: From November to December 2019, the Company's subsidiary CATL-FAW received subsidies of RMB 70.86 million for the CATL-FAW power battery project. As the project subsidy is difficult to distinguish from relating to assets or income, CATL-FAW classifies the whole as government grants related to income.

Note 8: From October to November 2019, the Company's subsidiary Qinghai Contemporary received subsidies of RMB 36.97 million for the Qinghai CATL base construction project, which Qinghai Contemporary classified as government grants related to assets.

35. Share capital (Unit: share)

Item	As at 31/12/2018	Movement in the year					As at 31/12/2019
		Issuance of new share	Bonus shares	Conversion from capital reserve	Other	Subtotal	
Total shares	2,195,017,400.00	13,954,700.00			-572,400.00	13,382,300.00	2,208,399,700.00

Note:

① The increase in share capital in the year was RMB 13.95 million, which includes: The Company convened the seventh meeting of the second Board of Directors on September 2, 2019, and reviewed and approved the "Proposal on the Company's Grant of Restricted Shares to Incentive Participants of the 2019 Restricted Shares Incentive Plan". According to the relevant provisions of the "Administrative Measures on the Equity Incentives of Listed Companies" and the Company's "Proposal of 2019 Restricted Shares Incentive Plan (Draft)", the Board of Directors believes that the Company's 2019 Restricted Shares Incentive Plan (hereinafter referred to as "2019 Incentive Plan") has fulfilled the conditions of grant. According to the authorization of the Company's first extraordinary shareholders meeting in 2019, the Company determined that on the grant date of September 2, 2019, 13.9556 million restricted shares were granted to 3,105 incentive participants for an exercise price of RMB 35.53 per share. In September 2019, the Company has received RMB 495.81 million from the incentive participants, and the share capital was increased by RMB 13.9547 million, and the capital reserve was increased by RMB 481.86 million.

② The decrease in share capital in the year was RMB 572,400, which includes: The Company held the second meeting of the second board of directors and the second meeting of the second board of supervisors on April 24, 2019, and reviewed and approved the "Proposal on Repurchasing and Cancellation of Restricted Shares". There were 47 participants in the 2018 incentive plan had left the Company due to personal reasons and no longer met the incentive conditions. The Company needs to repurchase and cancel the restricted shares that were granted but not yet unlocked, and the total number of shares repurchased and cancelled were 572,400 shares. As confirmed by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the repurchase and cancel of restricted shares was completed on July 10, 2019. The aforesaid matters reduced share capital by RMB 572,400, capital Reserve by RMB 19.59 million, and treasury shares by RMB 20.12 million.

36. Capital reserve

Item	As at 31/12/2018	Increase	Decrease	As at 31/12/2019
Share premium	21,074,593,224.05	703,253,380.35	560,158,883.70	21,217,687,720.70
Other capital reserve	298,325,488.20	335,180,524.15	220,745,155.46	412,760,856.89
Total	**21,372,918,712.25**	**1,038,433,904.50**	**780,904,039.16**	**21,630,448,577.59**

Note:

① The share premium was increased by RMB 703,253,380.35 in the year, including the following: RMB 481,855,791.00 is from the premium of capital contribution by new shareholders; RMB 220,745,155.46 was transferred from other capital reserve to share premium in the employee stock ownership plan that met the prescribed vesting conditions and unlocked the restriction; RMB 652,433.89 was resulted from the business combination under common control of CATL-SICONG. The share premium was decreased by RMB 560,158,883.70, including the following: RMB 540,570,863.43 was due to the Company increased capital contribution to its subsidiary Guangdong Brunp; RMB 19,588,020.27 was due to the repurchase and cancel of 572,400 restricted shares.

② The other capital reserve was increased by RMB 335,180,524.15 in the year, including the following: RMB 265,400,415.01 was the employee stock ownership plan implemented for the key personnel of the Company, and the difference between the subscription price and the fair value subscribed by external investors during the same period is recognized as an expense, because the granted equity has not yet met the vesting conditions for lifting the restrictions of the stock ownership plan, so other capital reserve was increased; RMB 62,264,845.04 was the income tax effect of future deductible expenses of share-based payments; RMB 7,508,034.74 was the increase in the other equity of associates; RMB 7,229.36 was generated in absorption and merger of Ningde Hesheng by Guangdong Brunp.

The other capital reserve was decreased by RMB 220,745,155.46 in the year due to the transfer from other capital reserve to share premium in the employee stock ownership plan that met the prescribed vesting conditions and unlocked the restriction.

37. Treasury shares

Item	As at 31/12/2018	Increase	Decrease	As at 31/12/2019
Treasury shares	793,701,060.00	495,810,491.00	214,616,761.00	1,074,894,790.00

Note:

① Treasury shares was increased by RMB 495,810,491.00 in the year which is the amount recognized for the repurchase obligation resulting from the Company's implementation of the equity incentive plan to grant restricted shares to the incentive participants.

② Treasury shares was decreased by RMB 214,616,761.00 in the year, including the following: RMB 20,119,860.00 was due to the repurchase and cancel of 572,400 restricted shares; The Company convened the seventh meeting of the second board of directors on September 2, 2019, and reviewed and approved the "Proposal on the Satisfaction of Unlock Conditions of the First Restriction Period of Initial Granted 2018 Restricted Shares Incentive Plan", a total of 1,557 incentive participants satisfied the unlock condition. The number of restricted shares unlocked at this time was 5,533,340 shares, corresponding to a reduction of treasury shares by RMB194,496,901.00.

38. Other comprehensive income

Item	As at 31/12/2018 (1)	Year ended 31/12/2019					As at 31/12/2019 (3) = (1) + (2)
		Amount before tax	Less:other comprehensive income in prior periods transfers to profit or loss for the current period	Less: income tax	Attributable to parent company after tax (2)	Attributable to minority after tax	
I. Other comprehensive income that will not be reclassified into profit or loss	-241,980,831.67	14,082,624.60		2,112,393.68	11,970,230.92		-230,010,600.75
1. Changes in fair value of other equity instruments investment	-241,980,831.67	14,082,624.60		2,112,393.68	11,970,230.92		-230,010,600.75
II. Other comprehensive income that will be reclassified into profit or loss	-94,858,376.26	1,015,211,988.59		69,523,366.65	945,688,621.94		850,830,245.68
1. Gain or loss on effective portion of cash flow hedge	-105,971,129.55	982,209,210.31		69,523,366.65	912,685,843.66		806,714,714.11
2. Translation differences arising from translation of foreign currency financial statements	11,112,753.29	33,002,778.28			33,002,778.28		44,115,531.57

Item	As at 31/12/2018 (1)	Year ended 31/12/2019					As at 31/12/2019 (3) = (1) + (2)
		Amount before tax	Less:other comprehensive income in prior periods transfers to profit or loss for the current period	Less: income tax	Attributable to parent company after tax (2)	Attributable to minority after tax	
Total other comprehensive income	-336,839,207.93	1,029,294,613.19		71,635,760.33	957,658,852.86		620,819,644.93

Note: Other comprehensive income (net of tax) of RMB 957,658,852.86 is attributable to the parent company for the year ended 31/12/2019.

39. Surplus reserve

Item	As at 31/12/2018	Increase	Decrease	As at 31/12/2019
Statutory surplus reserve	985,878,418.69	111,367,050.86		1,097,245,469.55

40. Undistributed profits

Item	Year ended 31/12/2019	Year ended 31/12/2018	Appropriation or distribution ratio
Undistributed profits before adjustment as at 31/12/2018	9,515,006,632.30	6,504,904,798.90	--
Total adjustment of undistributed profits as at 1/1/2019 (increase+， decrease-)			--
Undistributed profits after adjustment as at 1/1/2019	9,515,006,632.30	6,504,904,798.90	
Add: Net profit attributable to parent company for the year	4,560,307,432.71	3,387,035,207.64	--
Less: Appropriation for statutory surplus reserve	111,367,050.86	347,624,742.00	
Appropriation for dividend of common shares	310,981,721.74		
Minority shareholders increase capital and dilute the company's share		29,308,632.24	
Undistributed profits as at 31/12/2019	13,652,965,292.41	9,515,006,632.30	

41. Operating income and operating cost

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost
Primary operations	43,498,780,906.35	31,238,467,731.27	28,565,689,055.34	19,279,665,716.57

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost
Other operations	2,289,239,736.06	1,244,292,781.35	1,045,576,378.88	622,618,436.58

(1) Primary operations (by products)

Product	Year ended 31/12/2019		Year ended 31/12/2018	
	Operating income	Operating cost	Operating income	Operating cost
Power battery system	38,583,525,713.09	27,604,672,881.90	24,515,429,941.23	16,155,468,173.06
Lithium battery material	4,305,172,766.24	3,254,774,690.62	3,860,762,868.38	2,970,717,117.93
Energy storage system	610,082,427.02	379,020,158.75	189,496,245.73	153,480,425.58
Total	**43,498,780,906.35**	**31,238,467,731.27**	**28,565,689,055.34**	**19,279,665,716.57**

(2) Primary operations (by geographical region)

Region	Year ended 31/12/2019		Year ended 31/12/2018	
	Operating income	Operating cost	Operating income	Operating cost
Within China	41,796,823,540.28	29,867,254,617.97	27,778,039,484.20	18,683,571,163.51
Overseas	1,701,957,366.07	1,371,213,113.30	787,649,571.14	596,094,553.06
Total	**43,498,780,906.35**	**31,238,467,731.27**	**28,565,689,055.34**	**19,279,665,716.57**

42. Taxes and surcharges

Item	Year ended 31/12/2019	Year ended 31/12/2018
Urban maintenance and construction tax	96,099,695.87	59,049,816.40
Property tax	51,766,688.17	29,028,048.59
Educational surcharge	41,188,241.83	25,298,473.12
Stamp duty	32,861,969.15	20,164,377.78
Local educational surcharge	27,458,827.83	18,929,326.94
Land use tax	15,711,561.23	13,492,449.84
Other	7,141,121.54	5,221,419.03
Total	**272,228,105.62**	**171,183,911.70**

Note: For details of standard rates of various taxes and surcharge, please refer to Note IV. Taxation.

43. Selling expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
After-sales comprehensive service fee	1,172,876,427.08	730,637,813.95
Transportation fee	301,290,228.68	181,180,386.35
Sales commission	240,912,113.79	262,350,187.98
Staff salaries	172,976,605.44	104,623,993.95
Travel and business entertainment	78,207,638.63	41,927,257.48
Share-based payments	28,464,046.37	7,393,319.19
Other	161,826,481.52	50,755,466.65
Total	**2,156,553,541.51**	**1,378,868,425.55**

44. Administrative expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Staff salaries	980,583,919.43	987,217,942.22
Logistics and office expenses	169,158,412.71	120,984,366.00
Depreciation and amortization expenses	346,892,600.82	278,824,881.91
Share-based payments	147,564,198.57	71,187,507.24
Travel and business entertainment	63,359,526.32	37,901,039.26
Consulting service fee	52,716,174.30	41,619,571.49
Maintenance and renovation expenses	27,190,898.86	17,747,940.64
Other	45,208,198.86	35,176,323.51
Total	**1,832,673,929.87**	**1,590,659,572.27**

45. Research and development costs

Item	Year ended 31/12/2019	Year ended 31/12/2018
Staff salaries	1,236,571,109.34	879,207,267.44
Depreciation and amortization	472,321,350.76	395,219,641.65
Material costs	761,675,068.70	373,561,323.44
Development and design fees	121,118,930.42	110,295,026.24
Logistics and office expenses	127,783,999.71	66,321,236.74
Share-based payments	90,631,127.84	40,937,063.44

Item	Year ended 31/12/2019	Year ended 31/12/2018
Travel and business entertainment	55,106,169.39	47,641,271.89
Other	126,899,760.36	77,817,554.00
Total	**2,992,107,516.52**	**1,991,000,384.84**

46. Financial expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Total interest expenses	306,126,463.70	211,502,344.70
Less: Capitalized interest expenses	16,871,998.21	7,067,011.87
Interest expenses	289,254,465.49	204,435,332.83
Less: Interest income	1,078,256,966.28	565,817,388.30
Interest on bills factoring		77,589,206.71
Exchange gains and losses	-23,511,212.00	-19,765,946.75
Bank charges and other	30,892,413.26	23,825,569.37
Total	**-781,621,299.53**	**-279,733,226.14**

47. Other income

Subsidy item	Year ended 31/12/2019	Year ended 31/12/2018
Government grants	646,371,587.96	507,775,215.03

Details of major government grants are as follow:

Item	Year ended 31/12/2019	Year ended 31/12/2018	Related to assets / Related to income	Note
Taxes refund	385,587,333.36	213,212,390.20	Related to income	Note 1
Huxi Power Battery Project	73,396,800.00	6,116,400.00	Related to income	Note 2
R & D funding grants	60,061,494.45	31,426,322.58	Related to income	Note 1
IPO rewards	19,370,100.00	23,770,000.00	Related to income	Note 1
New-type lithium battery energy storage technology development and application	15,203,706.54	8,729,806.32	Related to income	Note 2

Item	Year ended 31/12/2019	Year ended 31/12/2018	Related to assets / Related to income	Note
New-generation lithium-ion power battery industrialization technology development project	13,445,605.56	11,572,211.70	Related to income	Note 2
Energy storage technology project	12,850,322.58		Related to income	Note 2
Hudong Power Battery Project	10,514,594.59	21,029,189.18	Related to income	Note 2
Major R&D institutions introduction subsidy		10,000,000.00	Related to income	Note 1
Lithium-ion battery intelligent manufacturing system project		61,100,000.00	Related to income	Note 2
Power and energy storage lithium battery R&D and production project		62,856,000.00	Related to income	Note 2
Fujian Province Electronic Information Cluster Special Project		9,600,000.00	Related to income	Note 2
Total	**590,429,957.08**	**459,412,319.98**		

Note:

Note 1: Taxes refund mainly included tax refunds received by the Company from various local government authorities. R & D funding grants mainly included that subsidies received by the Company from local government authorities for the Company's R&D investment. IPO rewards was being the awards received by the Company from various local government authorities for the successful listing in stock market. Major R&D institutions introduction subsidy is being the award received by the Company from Fujian Province Government for the introduction of the Institute of Physics of the Chinese Academy of Sciences.

Note 2: Details refer to Note V.34.

Other income in above are all regarded as non-recurring gains and losses.

48. Investment income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Investment income from long-term equity investment accounted by equity method	-11,899,568.84	-4,264,014.31
Investment income from disposal of long-term equity investment	3,695,558.05	-748,261.13
Gain from derecognition of financial assets at amortized cost	-100,357,220.91	——

Investment income from holding of trading financial assets	28,956,329.68	——
Investment income from holding of available-for-sale financial assets	——	3,655,688.20
Investment income from disposal available-for-sale financial assets	——	115,425,929.58
Bank financial products income		70,328,189.14
Total	**-79,604,902.02**	**184,397,531.48**

49. Gain from changes in fair value

Source	Year ended 31/12/2019	Year ended 31/12/2018
Trading financial liabilities		——
Including: Designated financial liabilities at fair value through profit or loss	27,331,582.10	——
Financial liabilities at fair value through profit or loss	——	-314,247,518.10

50. Credit impairment loss (“-“ for loss)

Item	Year ended 31/12/2019	Year ended 31/12/2018
Bad debts of accounts receivable	8,524,702.84	——
Impairment loss of other receivables	-244,201,088.95	——
Total	**-235,676,386.11**	

51. Assets impairment loss (“-“ for loss)

Item	Year ended 31/12/2019	Year ended 31/12/2018
Bad debts	——	-261,944,120.73
Decline in value of inventories	-739,928,320.36	-712,968,029.28
Impairment loss of long-term equity investment	-305,039,104.28	
Impairment loss of fixed assets	-389,361,739.05	
Total	**-1,434,329,163.69**	**-974,912,150.01**

52. Gains from disposal of assets

Item	Year ended 31/12/2019	Year ended 31/12/2018
Gain from disposal of fixed assets (“-” for loss)	607,801.86	-91,538,964.57
Gain from disposal of construction in progress (“-” for loss)	-871,010.53	

Gain from disposal of intangible assets ("-" for loss)	1,645,412.73	
Total	**1,382,204.06**	**-91,538,964.57**

53. Non-operating income

Item	Year ended 31/12/2019	Year ended 31/12/2018	Amount included in non-recurring gain or loss
Fine income, etc.	62,428,112.63	62,303,262.42	62,428,112.63

Note: Non-operating income are all regarded as non-recurring gains and losses.

54. Non-operating expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018	Amount included in non-recurring gain or loss
Loss of disposal of non-current assets	18,928,639.15	15,782,022.00	18,928,639.15
Other	41,528,167.33	10,184,315.17	41,528,167.33
Total	**60,456,806.48**	**25,966,337.17**	**60,456,806.48**

Note: Non-operating expenses are all regarded as non-recurring gains and losses.

55. Income tax expenses

(1) Income tax expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Current income tax	1,546,709,540.66	1,123,212,664.25
Deferred income tax	-798,618,874.28	-654,295,900.04
Total	**748,090,666.38**	**468,916,764.21**

(2) Reconciliation between income tax expenses and accounting profits:

Item	Year ended 31/12/2019	Year ended 31/12/2018
Profit before tax	5,760,764,564.25	4,204,813,251.93
Expected income tax expenses at applicable tax rates of 15%	864,114,684.62	630,721,987.78
Impact from tax preferential rate in certain subsidiaries	-90,295,862.55	-25,210,258.51
Adjustment for income tax in prior year	-588,874.65	14,693,653.33
Gain or loss from investments in associates and joint ventures by equity method	12,503,832.15	4,310,763.58

Item	Year ended 31/12/2019	Year ended 31/12/2018
Non-taxable income	-8,379,497.58	-8,418,116.61
Non-deductible costs, expenses and losses	18,299,317.61	5,868,794.13
Utilization of tax losses and deductible temporary differences in prior years	-8,130,636.30	-64,808,736.89
Impact of unrecognized tax losses and deductible temporary differences	202,069,403.72	57,301,823.60
Impact of super-deduction of research and development expenses	-240,016,068.05	-155,418,964.34
Other	-1,485,632.59	9,875,818.14
Income tax expenses	748,090,666.38	468,916,764.21

56. Notes to cash flow statement

(1) Other cash received relating to operating activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Security deposits for contracts received	495,000,000.00	928,400,000.00
Subsidy received	755,854,862.45	707,825,448.72
Interest received	1,029,513,137.24	544,418,296.66
Proceeds from current accounts and other	1,482,876,302.37	93,739,612.44
Total	**3,763,244,302.06**	**2,274,383,357.82**

(2) Other cash paid relating to operating activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Cash expenses such as operating expenses, administrative expenses and financial institution fees	1,474,331,568.84	985,918,064.94
Payment of security deposits (Net amount)	345,249,493.86	607,948,549.76
Payment of current account and other	1,363,530,182.03	45,360,533.98
Total	**3,183,111,244.73**	**1,639,227,148.68**

(3) Other cash received relating to investing activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Proceeds from collection of bank financial product investment (Net amount)	15,449,458,495.47	
Income from bank financial product investment	26,750,636.67	70,629,509.16

Item	Year ended 31/12/2019	Year ended 31/12/2018
Net cash in acquisition of subsidiaries	1,193,616.35	
Total	**15,477,402,748.49**	**70,629,509.16**

Note: Net cash in acquisition of subsidiaries is the cash and cash equivalents held by Longyan Sikang on the purchase date. The company acquired the subsidiary through capital increase. Therefore, the net cash of subsidiary is the cash and cash equivalents held by Longyan Sikang on the purchase date.

(4) Other cash paid relating to investing activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Payment to bank financial product investment (Net amount)		12,350,450,652.22
Payment of investment intention deposit	3,114,021,020.85	395,760,208.82
Total	**3,114,021,020.85**	**12,746,210,861.04**

(5) Cash received relating to other financing activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Proceed from collection of deposit certificate pledged in prior year		510,282,473.44
Cash received from issuing bonds	1,498,800,000.00	
Total	**1,498,800,000.00**	**510,282,473.44**

(6) Other cash paid relating to financing activities

Item	Year ended 31/12/2019	Year ended 31/12/2018
Payment of finance lease payments	49,503,965.86	86,350,595.88
Deposit certificates used as pledge		50,000,000.00
Payment for share repurchase	42,653,335.50	8,130,059.75
Security deposits for contracts	68,479,321.82	
Other	12,496,081.28	11,396,773.88
Total	**173,132,704.46**	**155,877,429.51**

57. Supplement to cash flows statement

(1) Supplement to cash flows statement

Item	Year ended 31/12/2019	Year ended 31/12/2018
I. Reconciliation of net profit to cash flow from operating activities:		
Net profit	5,012,673,897.87	3,735,896,487.72

Item	Year ended 31/12/2019	Year ended 31/12/2018
Add: Impairment for assets	1,434,329,163.69	974,912,150.01
Credit impairment loss	235,676,386.11	
Depreciation of fixed assets	4,137,828,483.56	2,125,110,234.63
Amortization of intangible assets	113,911,953.13	95,733,856.19
Amortization of long-term deferred expenses	157,299,905.57	83,377,065.66
Losses on disposal of fixed assets, intangible assets, and other long-term assets (Gain as in "-")	-1,382,204.06	91,538,964.57
Loss on retirement of fixed assets (Gain as in "-")	18,928,639.15	15,782,022.00
Losses on changes in fair value(Gain as in "-")	-27,331,582.10	314,247,518.10
Financial expenses (Gain as in "-")	270,468,281.25	262,258,592.79
Investment losses(Gain as in "-")	-20,752,318.89	-184,397,531.48
Decrease in deferred tax assets (Increase as in "-")	-838,669,146.42	-669,755,258.27
Increase in deferred tax liabilities (Decrease as in "-")	50,207,460.38	15,459,358.23
Decrease in inventories (Increase as in "-")	-5,775,387,378.74	-4,371,312,786.43
Decrease in operating receivables (Increase as in "-")	-4,768,945,377.05	-3,143,244,270.65
Increase in operating payables (Decrease as in "-")	12,637,959,848.72	11,851,141,407.59
Others	835,138,544.63	119,517,889.87
Net cash flows from operating activities	13,471,954,556.80	11,316,265,700.53
2. Significant investment or finance activities not involving cash:		
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
3. Net increase / (decrease) in cash and cash equivalents:		
Cash as at 31/12/2019	23,200,055,644.02	3,688,654,649.03
Less: cash as at 31/12/2018	3,688,654,649.03	4,789,905,412.05
Add: cash equivalents at 31/12/2019		
Less: cash equivalents at 31/12/2018		
Net increase in cash and cash equivalents	19,511,400,994.99	-1,101,250,763.02

(2) Net cash received for the disposal of subsidiary during the year

Item	Year ended 31/12/2019
Cash and cash equivalents received in current year for business disposal happened in current year	11,530,000.00
Including: Ningde Runfeng Real Estate Development Co.,Ltd	11,530,000.00
Less: Cash and cash equivalents held by subsidiary at the date that control ceases	1,503,186.82
Including: Ningde Runfeng Real Estate Development Co.,Ltd	1,503,186.82

Item	Year ended 31/12/2019
Net cash received for the disposal of subsidiary	10,026,813.18

(3) Cash and cash equivalents

Item	As at 31/12/2018	As at 31/12/2017
1.Cash		
Including: Cash on hand	177,791.29	243,994.99
Cash in bank readily available for payment	23,199,877,852.73	3,688,410,654.04
2. Cash equivalents		
Include: Bonds investment with maturity in 3 months		
3. Cash and cash equivalents as at 31/12/2019	23,200,055,644.02	3,688,654,649.03
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Company		

58. Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2019	Reason of restriction
Cash and bank balances	9,069,579,683.05	Management intends to held-to-maturity; pledged deposits and security deposits for bank loans; Security deposit for issuing bank acceptance bills, letters of guarantees, letters of credit; Interest on bank deposits accrued by the effective interest rate method
Notes receivable	415,805,194.76	Notes receivable that have been pledged but not yet due
Inventories	393,321,916.68	Pledge the warehouse receipt to the bank to obtain a loan
Trading financial assets	60,000,000.00	Security deposits for issuing bank acceptance bills
Fixed assets	4,235,623,820.02	Machinery & equipment and buildings as collateral to obtain comprehensive banking facility and loans
Fixed assets under sale and lease back	115,230,423.68	Fixed assets as collateral to obtain loans from the lessor
Intangible assets	842,607,246.02	Land use rights as collateral to obtain comprehensive banking facility and loans
Construction in progress	183,019,537.07	Construction in progress as collateral to obtain loans from the lessor
Other equity instruments investment	484,500,000.00	Pledge shares of Dongfang Precision to obtain loans from bank
Other current assets	39,991,289.13	Pledge to obtain comprehensive bank credit
Total	**15,839,679,110.41**	

59. Items in foreign currency

(1) Items in foreign currency

Item	Foreign currency as of 31/12/2019	Conversion rate	Translated in RMB as of 31/12/2019
Cash and bank balances			
Including: USD	128,119,676.79	6.9762	893,788,488.86
HKD	431,605,833.68	0.8958	386,632,505.81
CAD	671.73	5.3421	3,588.45
EUR	94,748,417.83	7.8155	740,506,259.55
JPY	418,892,348.00	0.0641	26,845,135.01
SGD	2,741,990.31	5.1739	14,186,783.66
IDR	33,897,817.97	0.0005	17,026.89
Accounts receivable			
Including: USD	15,004,171.14	6.9762	104,672,098.67
EUR	1,519,481.87	7.8155	11,875,510.57
Accounts payable			
Including: USD	6,610,753.53	6.9762	46,117,938.78
EUR	1,071,352.49	7.8155	8,373,155.38
JPY	15,332,000.00	0.0641	982,566.55
Other receivables			
Including: HKD	102,540.00	0.8958	91,855.36
CAD	60,000,000.00	5.3421	320,526,000.00
USD	19,413.16	6.9762	135,430.09
EUR	230,543.50	7.8155	1,801,812.72
JPY	18,357,830.00	0.0641	1,176,479.89
IDR	21,750,108,600.00	0.0005	10,925,118.66
Other payables			
Including: HKD	10,000.00	0.8958	8,958.00
USD	76,619.37	6.9762	534,512.05
EUR	1,288,657.69	7.8155	10,071,504.18
JPY	2,507,521.00	0.0641	160,696.99
Short-term loans			
Including: USD	8,615,605.28	6.9762	60,104,185.55

60. Hedge

Disclosure of qualitative and quantitative information of hedged items and related hedging instruments and hedging risks according to the type of hedge:

(1) During the reporting period, the Company conducted hedging transactions by using metal forward contracts as hedging instruments and certain expected purchase transactions as hedged items, in order to avoid the inventories market price fluctuations undertaken by the Company. Expected purchase of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

(2) During the reporting period, the Company conducted hedging transactions by using metal futures contracts as hedging instruments and certain expected sale transactions as hedged items, in order to avoid the inventories market price fluctuations undertaken by the Company. Expected sale of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

(3) During the reporting period, the Company conducted hedging transactions by using forward foreign exchange settlement contracts as a hedging instruments and certain expected purchase payments as hedged items, in order to avoid the Company's commitment to fluctuations in foreign exchange rate. Expected purchase of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

The Company uses the ratio analysis method to evaluate the effectiveness of hedge. As of December 31, 2019, the gain from changes in fair value of cash flow hedging instruments that had been included in other comprehensive income was RMB 806,714,714.11 (2018: RMB -105,971,129.55).

VI. Changes in scope of consolidation

1. Business combinations not under common control

(1) Business combinations not under common control that occurred during the year

Acquiree	Acquisition date of equity investment	Cost of equity investment	Shareholding acquired %	Acquisition method
Longyan Sikang New Material Co., Ltd.	November 15, 2019	133,530,000.00	51.00	Capital contribution

Continued

Acquiree	Acquisition date	Basis of acquisition date determination	Acquiree's income from acquisition date to year end	Acquiree's net profit from acquisition date to year end
Longyan Sikang New Material Co., Ltd.	November 15, 2019	Note 1	7,508,064.56	-4,907,872.71

Note 1: In November 2019, Ningde Contemporary signed a "Longyan Sikang New Material Co., Ltd. Capital Increase and Share Expansion Contract" with Cheng Sicong, Song Xiaoyun and CATL-SICONG. The Company subscribed the additional capital for Longyan Sikang New Material Co., Ltd. amounted to RMB 133.53 million. After the capital increase, the shareholding ratio is 51%. This is a business combination not under common control. The Company paid the full price on November 15, 2019, so the acquisition date was determined to be November 15, 2019.

(2) Acquisition cost and goodwill

Item	Longyan Sikang New Material Co., Ltd.
Acquisition cost:	
Cash	133,530,000.00
Less: Fair value of the identifiable net assets acquired	85,997,383.55
Goodwill	47,532,616.45

(3) Identifiable assets and liabilities of the acquiree as of acquisition date

Item	Longyan Sikang New Material Co., Ltd.	
	Fair value at acquisition date	Carrying amount as at acquisition date
Assets:	**187,605,656.70**	**181,054,796.79**
Cash and bank balances	134,723,616.35	134,723,616.35
Accounts receivable	2,707,837.13	2,707,837.13
Prepayments	889,287.46	889,287.46

Item	Longyan Sikang New Material Co., Ltd.	
	Fair value at acquisition date	Carrying amount as at acquisition date
Other receivables	6,492,473.75	6,492,473.75
Inventories	8,408,056.63	7,892,333.49
Other current assets	129,820.19	129,820.19
Long-term equity investment	5,894,029.30	5,894,029.30
Fixed assets	18,966,636.24	18,539,145.33
Intangible assets	8,830,714.70	3,223,068.84
Long-term deferred expenses	563,184.95	563,184.95
Liabilities:	**18,983,336.01**	**18,000,707.02**
Loans	9,580,000.00	9,580,000.00
Accounts payable	4,625,184.20	4,625,184.20
Receipts in advance	3,173,913.42	3,173,913.42
Employee benefits payable	150,000.00	150,000.00
Other payables	471,609.40	471,609.40
Deferred tax liabilities	982,628.99	
Net assets	168,622,320.69	163,054,089.77
Less: Minority interests	82,624,937.14	79,896,503.99
Net assets acquired in business combination	85,997,383.55	83,157,585.78

Determination method of the fair value of the identifiable assets and liabilities of the acquiree on the acquisition date

The Xiamen Real Estate Appraisal Land Real Estate Appraisal Co., Ltd. evaluated Longyan Sikang's identifiable assets and liabilities as of September 30, 2019 using an appraisal method suitable for each asset, and issued a university appraisal report [2019] No. 920040 "Asset Evaluation Report", calculate and confirm the fair value of Longyan Sikang's identifiable assets and liabilities as of the acquisition date.

2. Business combination under common control

There was no business combination under common control during the reporting period.

3. Disposal of subsidiary

(1) Disposal of subsidiary that lost control

Name of subsidiary	Proceeds in disposal	Ratio of equity disposed %	Equity disposal method	Timing in loss of control	Determine basis of timing in loss of control
Ningde Runfeng Real Estate Development Co.,Ltd	11,530,000.00	100.00	Transfer	December 9, 2019	Equity transfer completed

4. Other

Company name	Reason for change
Ningde Brunp Recycling Technology Co., Ltd.	New incorporation
Ningde Anpu Environmental Technology Co., Ltd.	New incorporation
HK Brunp Resource Recycling Technology Co., Limited	New incorporation
Ningbo Brunp Recycling Technology Co., Ltd.	New incorporation
Hong Kong Brunp Contemporary Amperex Co., Ltd.	New incorporation
Ningbo Brunp Times New Energy Co.,Ltd.	New incorporation
PT.INDONESIA PUQING RECYCLING TECHNOLOGY	New incorporation
CATL-KSTAR Science & Technology Co., Ltd.	New incorporation
Sichuan Contemporary Amperex Technology Co., Ltd.	New incorporation
Ningde Amperex Financial Leasing Co., Ltd.	New incorporation
CATL-SICONG Advanced Materials Technology Limited	New incorporation
CATL-FAW Auto Battery Co., Limited	New incorporation
CATL-GEELY EV Battery Co., Limited	New incorporation
Guangzhou Shangxuan Automobile Sales Co., Ltd.	Deregistration
Guangzhou Xingxin Automobile Sales Co., Ltd.	Deregistration
Ningde Hesheng Recycling Technology Co., Ltd.	Deregistration

VII. Interests in other entities

1. Interests in subsidiaries

(1) Structure of the group

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Qinghai Contemporary Amperex Technology Limited (Note 1)	Xining City	Xining City	Manufacturing	60.40		Set-up
Contemporary Lithium	Ningde City	Ningde City	Manufacturing	54.55		Set-up

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Power Limited (Note 1)						
Guangdong Brunp Recycling Technology Co., Ltd. (Note 2)	Foshan City	Foshan City	Manufacturing	52.8751		Business combination not under common control
Hunan Brunp Recycling Technology Co., Ltd.	Changsha City	Changsha City	Manufacturing		100.00	Business combination not under common control
Hunan Brunp Vehicle Recycling Co., Ltd.	Changsha City	Changsha City	Manufacturing		100.00	Business combination not under common control
Foshan Sanshui Brunp Resource Recycling Co., Ltd.	Foshan City	Foshan City	Trading		100.00	Business combination not under common control
Brunp (China) Recycling Technology Co., Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
Contemporary Amperex Technology GmbH	Germany	Germany	R & D, sales	100.00		Business combination not under common control
Beijing Lithium Contemporary Amperex Technology Limited	Beijing City	Beijing City	Sales	100.00		Set-up
Jiangsu Contemporary Amperex Technology Limited	Liyang, Jiangsu	Liyang, Jiangsu	Manufacturing	100.00		Set-up
Contemporary Amperex Technology (Hong Kong) Limited	Hong Kong	Hong Kong	Investment	100.00		Set-up
Pingnan Contemporary Advanced Materials Technology Limited	Ningde City	Ningde City	Manufacturing	100.00		Set-up
Ningde Contemporary Amperex Supply Chain Management Co., Ltd.	Ningde City	Ningde City	Services	100.00		Set-up
Ningde RunYuan Power Technology Co., Ltd.	Ningde City	Ningde City	Services	95.00		Set-up
Ningbo Meishan Bonded Area Wending Investment Co., Ltd.	Ningbo City	Ningbo City	Investment	100.00		Set-up

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%) Direct	Shareholding ratio (%) Indirect	Method of acquisition
United Auto Battery Co., Ltd.	Liyang City	Liyang City	Manufacturing	51.00		Set-up
Contemporary Amperex Technology France	France	France	Sales, R&D		100.00	Set-up
Dongguan Runyuan New Energy Technology Limited	Dongguan City	Dongguan City	Services	100.00		Set-up
Contemporary Amperex Technology Canada Limited	Canada	Canada	Investment		100.00	Set-up
Contemporary Amperex Technology (USA), Inc.	United States	United States	Sales, R&D		100.00	Set-up
Contemporary Amperex Technology Japan KK	Japan	Japan	Sales, R&D		100.00	Set-up
Dongfeng Amperex (Wuhan) Battery System Co., Ltd.	Wuhan City	Wuhan City	Manufacturing	50.00		Set-up
Ningde Runhe Industry Limited	Ningde City	Ningde City	Services	100.00		Set-up
Guangzhou Chunhe Runhe Automobile Sales Co., Ltd.	Guangzhou City	Guangzhou City	Trading		100.00	Set-up
Shenzhen Chunhe Runhe Automobile Sales Co., Ltd.	Shenzhen City	Shenzhen City	Trading		100.00	Set-up
Guangzhou Chunhe Runsheng Automobile Sales Co., Ltd.	Guangzhou City	Guangzhou City	Trading		100.00	Set-up
Contemporary Amperex Technology (Hong Kong) Mining Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
CATL Mining Engineering Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
CATL Mining No.1 Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
CATL Mining No.2 Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
Contemporary Amperex Technology Luxembourg S.à r.l.	Luxembourg	Luxembourg	Investment		100.00	Business combination not under common

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
						control
Contemporary Amperex Technology Thuringia GmbH	Germany	Germany	Manufacturing		100.00	Set-up
CATL-GAC EV Battery Co., Limited	Guangzhou City	Guangzhou City	Manufacturing	51.00		Set-up
Ningde Brunp Recycling Technology Co., Ltd.	Ningde	Ningde	Manufacturing		100.00	Set-up
Ningde Anpu Environmental Technology Co., Ltd.	Ningde	Ningde	Trading		100.00	Set-up
HK Brunp Resource Recycling Technology Co., Limited	Hong Kong	Hong Kong	Trading		100.00	Set-up
Ningbo Brunp Recycling Technology Co., Ltd.	Ningbo	Ningbo	Investment		100.00	Set-up
Hong Kong Brunp Contemporary Amperex Co., Ltd.	Hong Kong	Hong Kong	Trading		100.00	Set-up
Ningbo Brunp Times New Energy Co.,Ltd.	Ningbo	Ningbo	Trading	49.00	51.00	Set-up
PT.INDONESIA PUQING RECYCLING TECHNOLOGY	Indonesia	Indonesia	Manufacturing		70.00	Set-up
CATL-KSTAR Science & Technology Co., Ltd.	Ningde City	Ningde City	Manufacturing	51.00		Set-up
Sichuan Contemporary Amperex Technology Co., Ltd.	Yibin City	Yibin City	Manufacturing	100.00		Set-up
Ningde Amperex Financial Leasing Co., Ltd.	Ningde City	Ningde City	Rental	75.00	25.00	Set-up
Longyan Sikang New Material Co., Ltd.	Longyan City	Longyan City	Manufacturing	51.00		Business combination not under common control
CATL-SICONG Advanced Materials Technology Limited	Longyan City	Longyan City	Manufacturing		100.00	Set-up
CATL-FAW Auto Battery Co., Limited	Ningde City	Ningde City	Manufacturing	51.00		Set-up
CATL-GEELY EV Battery Co., Limited	Hangzhou City	Hangzhou City	Manufacturing	51.00		Set-up

Note:

Note 1: Other shareholder of the Company's subsidiaries, Qinghai Contemporary and Contemporary Lithium Power is CDB Development Fund and do not participate in the daily management of the subsidiary, without appointment of any directors, supervisors and senior management personnel, the Company actually owns 100% of the voting rights of the subsidiaries. Details refer to Note V. 32, Long-term payables Note 1.

Note 2: After the subsidiary Ningde Hesheng held 69.022% equity in Guangdong Brunp in January 2015, after several changes, the registered capital of Guangdong Brunp was increased to RMB 94.81 million, and Ningde Hesheng's shareholding ratio was changed to 66.7161%. As of December 31, 2018, the company's paid-up capital accounted for 66.7161% of Guangdong Brunp's paid-up capital. In May 2019, the Company increased its capital in Guangdong Brunp by RMB 20 million to obtain a 28.5714% shareholding. Ningde Hesheng's shareholding in Guangdong Brunp was diluted to 47.6544%. In December 2019, Guangdong Brunp absorbed and merged Ningde Hesheng and Ningde Hesheng was deregistered, and the Company directly controlled Guangdong Brunp.

(2) Significant non-wholly-owned subsidiaries

Unit: RMB ten thousand

Name of subsidiary	Percentage of minority interest %	Profit attributable to minority during the period	Dividend declared to minority	Balance of minority interests as at 31/12/2018
Hunan Brunp	47.1249	30,095.21		97,812.91

(3) Financial information of significant non-wholly-owned subsidiaries

Unit: RMB ten thousand

Name of subsidiary	As at 31/12/2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Brunp	345,973.29	140,468.17	486,441.46	241,369.64	37,510.64	278,880.28

Continued (1)

Name of subsidiary	As at 31/12/2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Brunp	265,284.45	87,010.73	352,295.18	185,451.55	23,043.81	208,495.36

Continued (2)

Name of subsidiary	Year ended 31/12/2019				Year ended 31/12/2018			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Hunan Brunp	515,491.98	63,862.71	63,761.37	8,580.24	466,531.08	53,914.50	53,914.50	44,027.84

(4) Transactions that a change in owner's equity of subsidiaries and the Company's still control the subsidiaries

Changes in the subsidiary's equity

The Company previously held 66.7161% equity in Guangdong Brunp through Ningde Hesheng. In May 2019, the Company signed a capital increase agreement with Guangdong Brunp to acquire additional 28.5714% equity. The transaction resulted in a decrease of RMB 540,570,863.43 in the Company's capital reserve and an increase of RMB 540,570,863.43 in Minority interests.

The impact of the transaction on minority interests and equity attributable to the parent company

Item	Guangdong Brunp
Acquisition cost:	
Cash	2,000,000,000.00
Less: Share of net assets in subsidiary according to shareholding ratio	1,459,429,136.57
Difference	540,570,863.43
Including: Adjustment to capital reserve	540,570,863.43

2. Equity interest in joint ventures or associates

(1) Significant associates joint ventures or associates

Associates	Place of business	Place of registration	Business nature	Shareholding ratio (%) Direct	Shareholding ratio (%) Indirect	Accounting treatment of investment in associates
SAIC-CATL EV Battery System Co., Ltd.	Jiangsu Liyang	Jiangsu Liyang	Manufacturing	49.00		Equity method

(2) Financial information of significant associates

Unit: RMB ten thousand

Item	SAIC-CATL EV Battery System Co., Ltd. As at 31/12/2019	SAIC-CATL EV Battery System Co., Ltd. As at 31/12/2018
Current assets	73,898.76	36,122.68
Non-current assets	23,713.23	21,631.74
Total assets	**97,611.99**	**57,754.42**
Current liabilities	51,138.83	23,643.70
Non-current liabilities	13,084.36	3,944.09
Total liabilities	**64,223.19**	**27,587.79**
Net assets	33,388.80	30,166.63

Item	SAIC-CATL EV Battery System Co., Ltd.	
	As at 31/12/2019	As at 31/12/2018
Including: Minority interests		
Owner's equity attributable to parent company	33,388.80	30,166.63
Share of net assets based on shareholding ratio	16,360.51	14,781.65
Adjustment		
Including: Goodwill		
Unrealized profit or loss in internal transactions		
Provision for impairment		
Other		
Carrying amount of investment in associates	17,006.31	14,737.04
Fair value of equity investment with public quote		

Continued:

Item	SAIC-CATL EV Battery System Co., Ltd.	
	Year ended 31/12/2019	Year ended 31/12/2018
Operating income	76,938.50	30,117.66
Net profit	3,222.17	330.26
Other comprehensive income		
Total comprehensive income	3,222.17	330.26
Dividends received from associates in the current period		

(3) Summary of financial information of other insignificant joint ventures and associates

Unit: RMB ten thousand

Item	As at 31/12/2019 / Year ended 31/12/2019	As at 31/12/2018 / Year ended 31/12/2018
Joint ventures:		
Total carrying amount of investment	1,375.51	997.96
The following amount are calculated on the basis of shareholding ratio		
Net profit	-575.66	-523.04

Item	As at 31/12/2019 / Year ended 31/12/2019	As at 31/12/2018 / Year ended 31/12/2018
Other comprehensive income		
Total comprehensive income	-575.66	-523.04
Associates:		
Total carrying amount of investment	135,663.46	80,784.82
The following amount are calculated on the basis of shareholding ratio		
Net profit	281.30	-1,160.08
Other comprehensive income		
Total comprehensive income	281.30	-1,160.08

VIII. Financial instrument and risk management

The Company's financial instruments include cash and bank balances, accounts receivable, notes receivable, interest receivables, dividend receivable, other receivables, other current assets, trading financial assets and available-for-sale financial assets, accounts payable, interest payable, notes payable, dividend payable, other payables, short-term loans, non-current liabilities due within one year, long term loans and long-term payables. The details of various financial instruments have been disclosed in the relevant notes. Risks associated with these financial instruments, as well as the Company's risk management policies meant to mitigate these risks are described below. The Company's management managed and monitored these risk exposures to ensure the above risks are controlled within certain limits.

1. Risk management objectives and policies

The Company's objective in risk management is to obtain an appropriate balance between risk and profits, and strive to reduce the adverse impact of the financial risk on the Company's financial performance. Based on this objective, the Company has developed the risk management policy to identify and analyze the risks that the Company is facing, set the appropriate tolerable level of risks and design the internal control process to monitor the risk level. The Company reviews the risk management policy and relevant internal control system to adapt to the changes of market or operations regularly. The Company's internal audit department also regularly or randomly performs tests to check whether the operations of internal control system in accordance with the risk management policy.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (including interest rate risk, foreign exchange rate risk and other commodity price risk).

The Board of Directors is responsible for the planning and establishment of the Company's risk management structure, the development of the Company's risk management policies and guidelines and the monitoring of the implementation of risk management measures. The Company has developed risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks, covering many aspects of credit risk, liquidity risk and market risk management. The Company regularly evaluates the market environment and changes in the

Company's operating activities to determine whether the risk management policies and systems are updated. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and circumvents the risks by working closely with other business units of the Company. The internal audit department of the Company conducts regular audits on risk management control and procedures and reports the results of the audit to the Audit Committee of the Company.

The Company diversifies the risk of financial instruments through appropriate diversified investments and business combinations and reduces the risk of focusing on any single industry, specific region, or specific counterparty by developing appropriate risk management policies.

(1) Credit risk

Credit risk is the risk that a counterparty of financial assets will cause a financial loss for the Company by failing to discharge an obligation.

The Company managed the credit risk by groups. Credit risk mainly came from bank, notes receivable, accounts receivable and other receivables.

The bank deposits of the Company mainly deposited in a financial institution with a good reputation and a high credit rating. The Company expects that there are no significant credit risks exist on the bank deposit.

For notes receivable, accounts receivable and other receivables, the Company makes relevant policies to control credit risk exposures. The Company assesses the quality of debtors' credit rating and set their credit limits and credit period based on the debtors' financial position, credit history and other factors such as current market condition. The Company monitors the debtors' credit records regularly and ensures its overall credit risk within controllable range by written reminders, shorten or cancel credit periods to the debtors with bad credit history.

The debtors of the Company's accounts receivable are customers distributed in different industries and regions. The Company continues to perform credit assessments on the financial status of accounts receivable and purchase credit guarantee insurance when appropriate.

The maximum exposure to credit risk borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantee that may expose the Company to credit risk.

Accounts receivable due from the top five customers of the Company account for 39.51% of total accounts receivable (2018: 50.29%); other receivables due from the top five customers of the Company account for 92.82% of total other receivables (2018: 79.51%).

(2) Liquidity risk

Liquidity risk is the risk that the Company is short of funds to deliver cash or other financial assets to meet settlement obligations.

To manage liquidity risk, the Company maintains cash and cash equivalents at a level that the management considers adequate and monitors them so as to meet its operation demand as well as to reduce the effect of cash flow fluctuations. The management is responsible for monitoring the usefulness of bank loans to ensure it complies with the covenants in loan agreements. Meanwhile, the management obtains the commitment from the principal financial institutions to provide enough surplus in reserve to satisfy the Company's short and long-term fund demands.

The Company finances working capital with funds arising from operation and bank and other borrowings. As at December 31, 2019, the available loan limit for withdrawal by the Company is RMB 73,025.80million (31/12/2018: RMB 57,332.86 million).

As at year end, the analysis of due date of the Company's financial liabilities and other off-balance sheet guarantees by undiscounted cash flow of remaining contracts are as follow (unit: RMB ten thousand):

Item	As at 31/12/2019			
	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term loans	212,564.67			212,564.67
Financial liabilities at fair value through profit or loss	28,691.59			28,691.59
Notes payable	1,742,019.78			1,742,019.78
Accounts payable	1,069,213.75			1,069,213.75
Other payables	335,808.52	194,022.38		529,830.90
Non-current liabilities due within one year	107,746.85			107,746.85
Long term loans		498,056.32		498,056.32
Bonds payable		150,833.92		150,833.92
Long-term payables		62,361.86	25,000.00	87,361.86
Total	**3,496,045.16**	**905,274.48**	**25,000.00**	**4,426,319.64**

As at beginning of the year, the analysis of due date of the Company's financial liabilities and other off-balance sheet guarantees by undiscounted cash flow of remaining contracts are as follow (unit: RMB ten thousand):

Item	As at 31/12/2018			
	Within 1 year	1 to 5 years	Over 5 years	Total
Short-term loans	118,009.21			118,009.21
Financial liabilities at fair value through profit or loss	31,424.75			31,424.75
Notes payable	1,184,112.81			1,184,112.81
Accounts payable	705,707.51			705,707.51
Interest payable	1,984.28			1,984.28
Other payables	130,557.15	159,876.98		290,434.13
Non-current liabilities due within one year	92,902.40			92,902.40
Long term loans		349,076.78		349,076.78

Item	As at 31/12/2018			
	Within 1 year	1 to 5 years	Over 5 years	Total
Long-term payables		69,341.45	25,000.00	94,341.45
Total	**2,264,698.11**	**578,295.21**	**25,000.00**	**2,867,993.32**

(3) Market risk

Market risk of financial instrument is the risk of fluctuation in the fair value or future cash flow due to changes of market price, including interest rate risk, foreign exchange rate risk and other pricing risk.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flow of financial instrument due to the changes of market interest rate. Interest rate risk can come from the recognized interest-bearing financial instruments and unrecognized financial instruments (such as loan commitments).

Interest rate risk of the Company mainly arises from interest bearing borrowings, such as long-term bank loans and long-term payables. A financial liability with floating interest rates causes interest rate risks in cash flow to the Company; and a financial liability with fixed interest rates causes interest rate risks in fair value to the Company. The Company determines the proportion of bank loans with fixed and floating interest rate according to current market situation and maintains the appropriate combination of the instruments with fixed and floating interest rate by regular review and monitoring.

The Company pays close attention to the effect of interest rate changes on the Company’s interest rate risk. The Company does not adopt any interest rate hedge, but the management is responsible for monitoring interest rate risk and will consider hedging on significant interest rate risk. The rise in interest rates will increase the cost of new interest-bearing debts and the interest expenses of interest-bearing debts that have not been paid by the Company at floating interest rates, and will have a significant adverse impact on the Company's financial results. The management will rely on the latest market. The situation is adjusted in a timely manner. These adjustments may be arranged for interest rate swaps to reduce interest rate risk.

Foreign exchange rate risk

Foreign exchange rate risk is the risk of fluctuation of financial instrument fair value or future cash flow fluctuation due to the changes of foreign exchange rate. Foreign exchange rate risk can arise from financial instruments measured at foreign currencies other than the functional currency.

The main operations of the Company are within China and mainly settled in RMB. However, assets and liabilities denominated in foreign currencies recognized by the Company and the future foreign currency transactions (Foreign currency assets and liabilities and foreign currency transactions are primarily denominated in USD or EUR) are still having exchange risk.

The Company's foreign currency financial assets and foreign currency financial liabilities as of 31/12/2019 are presented in Note V. 59 “Items in foreign currency”.

Other pricing risk

Other price risk is the risk of fluctuation due to the changes of market price, besides of foreign exchange risk and interest rate risk, no matter whether the change is caused by individual financial instrument or factors relating to issuer or all similar financial instruments traded in the market. Other pricing risk may be affected by the changes in price of goods, price of equity instrument, share market index or the other risk factors.

The Company's investments in equity of listed securities as classified as investment in other equity instruments are measured at fair value on balance sheet date, and the Company undertakes the fluctuation risk of stock market.

The Company pays close attention to the effect of price changes on the Company's price risk of equity security investment. The Company does not take any measure to avoid other price risk. However, the management is responsible for monitoring other price risk and will consider in holding a portfolio of multiple equity securities in order to mitigate the price risk of equity security investment.

2. Capital management

The purpose of the Company's capital management policy is to ensure the Company is going concern so as to provide returns to the shareholders and benefit other stakeholders and maintain the optimal capital structure to reduce capital cost.

To maintain or adjust the capital structure, the Company may adjust the sources of financing, amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or other equity, or sell assets to reduce debts.

The Company monitors capital structure on the basis of asset-liability ratio (Total liabilities divided by total assets). As at December 31, 2019, the Company's asset-liability ratio is 58.37%(December 31, 2018: 52.36%).

IX. Fair value

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1: unadjusted quoted prices in active market for identical assets or liabilities.

Level 2: inputs other than Level 1 inputs that are either directly (i.e. price) or indirectly (i.e. derived from the price) observable for underlying assets or liabilities.

Level 3: inputs that are unobservable for underlying assets or liabilities.

(1) Item and amount measured at fair value

As at December 31, 2019, assets and liabilities measured at fair value are shown as follows,

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Trading financial assets		1,389,585,592.37		1,389,585,592.37
(II) Derivative instruments	1,812,135,529.60			1,812,135,529.60
(III) Other equity instruments investment	602,725,222.80		927,878,500.00	1,530,603,722.80
Total assets measured at fair value on a recurring basis	**2,414,860,752.40**	**1,389,585,592.37**	**927,878,500.00**	**4,732,324,844.77**
(IV) Trading financial liabilities				
1. Designated as financial liabilities at fair value through profit or loss	286,915,936.00			286,915,936.00
Total liabilities measured at fair value on a recurring basis	**286,915,936.00**			**286,915,936.00**
II. Non-recurring fair value measurements				
Identifiable assets of acquiree in business combination not under common control		1,341,304.85		1,341,304.85
Total assets measured at fair value on a non-recurring basis		**1,341,304.85**		**1,341,304.85**
Identifiable liabilities of acquiree in business combination not under common control		687,959.24		687,959.24
Total liabilities measured at fair value on a non-recurring basis		**687,959.24**		**687,959.24**

Note 1: Identifiable assets and liabilities of the acquiree in business combination not under common control obtained by the Company is generated from the business combination of Guangdong Brunp and Longyan Sikang.

X. Related party and transactions

1. The Company's controlling shareholder and actual controlling party

The controlling shareholder of the Company is Ruiting Investment. As of December 31, 2019, its shareholding ratio in the Company was 25.88%.

The actual controllers of the company are Zeng Yuqun and Li Ping. As of December 31, 2019, Zeng Yuqun held 100% equity of Ruiting Investment, the Company's controlling shareholder, and indirectly held 25.88% of the Company's shares. Li Ping directly holds 5.07% of the Company's shares. They are agreed to act in concert, and hold totally 30.95% of the Company's shares.

2. Subsidiaries

The Company’s subsidiaries refer to note VII.1.

3. Joint ventures and associates

Significant joint ventures and associates refers to Note VII.2.

Joint ventures and associates that have related party transactions with the Company during this year or the previous year are as follows:

Joint ventures or associates	Relationship with the Company
Valmet Automotive Oy	Associates
North American Lithium Inc.	Associates, the Company's financial director Zheng Shu serves as its director
Fujian Contemporary Nebula Energy Technology Ltd.	Associates, the Company's vice chairman and deputy general manager Huang Shilin served as chairman
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	Associates
GAC-CATL EV Battery System Co., Ltd.	Associates, the Company's deputy general manager Tan Libin serves as chairman and Feng Chunyan serves as director
Qujing Lintie Technology Co., Ltd.	Associates
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	Associates
SAIC-CATL EV Battery System Co., Ltd.	Associates, the Company director and general manager Zhou Jia as its director, and company deputy general manager Wu Kai as its director
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	Associates, the Company's chief financial officer Zheng Shu serves as its director, and the Company’s supervisor Feng Chunyan serves as its director
Senta (Chengdu) New Energy Technology Co., Ltd.	Subsidiary of joint venture

4. Related party transactions

(1) Sale and purchase with related party

① Purchase of goods and receiving services

Related party	Related party transaction	Year ended 31/12/2019	Year ended 31/12/2018
North American Lithium Inc.	Spodumene	83,949,317.24	418,792,012.40
Fujian Contemporary Nebula Energy Technology Ltd.	Energy storage electrical products and project construction services	16,190,000.00	
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	Sewage treatment	2,672,170.63	
Valmet Automotive Oy	Consulting service fee	39,799,177.00	1,869,473.72

② Sale of goods and rendering of services

Related party	Related party transaction	Year ended 31/12/2019	Year ended 31/12/2018
SAIC-CATL EV Battery System Co., Ltd.	Power battery system, consulting services	544,891,765.71	184,774,209.27
Senta (Chengdu) New Energy Technology Co., Ltd.	Energy storage battery system	2,504,273.51	10,017,094.01
Fujian Contemporary Nebula Energy Technology Ltd.	Energy storage battery system	3,495,575.23	
GAC-CATL EV Battery System Co., Ltd.	Consulting service	1,179,245.28	
Valmet Automotive Oy	Power battery system		3,753,334.65
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	Energy storage battery system, consulting services	141,415,276.13	173,788.92

(2) Key management personnel remuneration

The Company's key management personnel remuneration is shown in the table below:

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Headcount	Remuneration (RMB ten thousand)	Headcount	Remuneration (RMB ten thousand)
Key management personnel remuneration	13	2,009.93	13	1,570.50

(3) Information of guarantee

① The Company as guarantor

Guarantee	Guaranteed amount	Start date	Guarantee period	Whether guarantee expired
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	55,000,000.00	July 12, 2019	15 years	No

5. Receivables and payables with related party

(1) Receivables from related party

Item	Related party	As at 31/12/2019		As at 31/12/2018	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	SAIC-CATL EV Battery System Co., Ltd.	167,379,411.02	9,736.74	98,025,682.08	
Accounts receivable	Valmet Automotive Oy			3,529,362.36	
Accounts receivable	Senta (Chengdu) New Energy Technology Co., Ltd.	2,904,957.27	5,645.98		
Accounts receivable	Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	63,717,897.60	123,839.99		
Accounts receivable	GAC-CATL EV Battery System Co., Ltd.	500,000.00	971.78		
Prepayments	Qujing Lintie Technology Co., Ltd.	92,600,000.00			
Other receivables	North American Lithium Inc.	299,157,600.00	192,315,600.00	291,697,024.40	

(2) Payables to related party

Item	Related party	As at 31/12/2019	As at 31/12/2018
Accounts payable	North American Lithium Inc.	5,645,053.14	60,274,309.70
Accounts payable	Fujian Contemporary Nebula Energy Technology Ltd.	4,790,634.81	
Receipts in advance	Fujian Contemporary Nebula Energy Technology Ltd.	8,435,000.00	
Receipts in advance	Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	143,033,280.00	
Other payables	Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	820,305.16	

XI. Share-based payments

1. Information about share-based payments

Total amount of equity instruments granted during the year	249,592,480.45
Total amount of equity instruments exercised during the year	220,745,155.46
Total amount of equity instruments forfeited during the year	42,830,309.22
Range of exercise price and residual life of outstanding equity instruments at the end of the year	1) In December 2015, the Company's equity incentive granted to Borui Ronghe, Borui Rongtong, Runtai Hongyu, Hengyuan Ruihua, Rongyuan Hongshun, and Hengtai Ruifu are approved for exercise price of RMB 2.125 per share. The remaining term of the contract does not exceed June 2021. 2) In August 2018, the exercise price of equity incentives granted by the Company through the issuance of restricted stocks is RMB 35.15 per share, and the remaining term of the contract does not exceed August 2023. 3) In September 2019, the exercise price of the equity incentive granted by the Company through the issuance of restricted stocks is RMB 35.53 per share, and the remaining term of the contract does not exceed August 2024.

Note: According to the resolution of the first extraordinary shareholders meeting of 2019 held by the Company on July 16, 2019 and the seventh meeting of the second board of directors held on September 2, 2019, the Company determined that on the grant date of September 2, 2019, the Company granted to 3,106 incentive participants for a total of 13.96 million shares of restricted shares, with a par value of RMB 1 each and a grant price of RMB 35.53 per share. In the process of payment of subscription after the grant date, one participant was disqualified for incentive plan due to resignation, a total of 900 restricted shares was involved. Therefore, the number of incentive participants was changed from 3,106 to 3,105, and the number of restricted stocks on the grant date was changed from 13.9555 million shares to 13.9547 million shares.

2. Information on equity-settled share-based payments

Method in determining the fair value of equity instruments at the date of grant	1）Use "Net profit attributable to the parent company after deducting non-recurring gains and losses during a reasonable performance period" multiplied by "Reasonable price-earnings ratio determined by reference to the price-earnings ratio adopted by comparable companies in the same industry during the approximate grant date" to determine the Company's reasonable valuation, so as to determine the fair value of the shares granted, minus the price granted to the employee; or use the subscription price of the external investor at the same period of the grant date to determine the fair value of the restricted shares, minus the price granted to the employee.

	2) Determined according to the Black-Scholes option pricing model (B-S model)
Basis in determining the quantity of exercisable equity instruments	Determined according to the expected turnover rate and the conditions of the right to exercise
Reason for significant difference of estimation between current year and prior year	Not applicable
Accumulated amount recorded in capital reserve for equity-settled share-based payments	716,785,734.42
Total expenses recognized for equity-settled share-based payments in the year	265,400,415.01

XII. Commitments and contingencies

1. Significant commitments

(1) External investment commitment

Capital commitments that have been signed but have not been recognized in the financial statements	As at 31/12/2019	As at 31/12/2018
External investment commitment	RMB 6,122.45 million	RMB 1,530.00 million

Note: In the 2019 investment commitment as of December 31, 2019, the investment deposit has been paid for RMB 3,143.30 million.

2. Contingencies

Contingent liabilities arising from guarantee provided to other entities and related financial effects

As at December 31, 2019, the Company and its subsidiaries provided guarantees for the following loans of external party:

Guarantee	Amount	Start date	Guarantee period	Whether guarantee expired
Qinghai Xingchuan Development and Construction Limited	190,000,000.00	March 21, 2016	8 years	No
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	55,000,000.00	July 12, 2019	15 years	No

As at December 31, 2019, the Company provided guarantees for the following loans of subsidiary:

Guarantee	Amount	Start date	Guarantee period	Whether guarantee expired
Pingnan Contemporary New Materials Co., Ltd.	308,094,995.17	November 23, 2018	8 years	No
Jiangsu Contemporary Amperex Technology Limited	1,318,055,190.62	April 9, 2019	6 years	NO

As of December 31, 2019, the Company had no other contingencies that should be disclosed.

XIII. Events after balance sheet date

(1) Influence of new coronavirus pneumonia epidemic

Since the beginning of 2020, the new coronavirus pneumonia epidemic (hereinafter referred to as the "new coronary pneumonia epidemic") has spread in our country and some other countries and regions, and has had a certain impact on economic activities. At present, the domestic epidemic situation has gradually been effectively controlled. In this regard, on the one hand, the Company still strictly implements the requirements of the prevention and control work, and actively takes preventive measures to ensure the health and safety of employees; on the other hand, the Company takes measures to actively promote the resumption of production and work, and has now achieved full resumption of production. The Company will continue to pay close attention to the development of the new coronary pneumonia epidemic and actively respond to its adverse impact on the Company's financial situation and operating results.

(2) Non-public offering of A shares

On February 23, 2020, the twelfth meeting of the second session of the Board of Directors reviewed and approved the "Proposal on the Company's Non-Public Shares Issuance Plan.". The proposed number of non-public issuance of shares does not exceed 220,839,970 shares, and the funds raised do not exceed RMB 20,000.00million. On March 16, 2020, the first extraordinary shareholders meeting of 2020 reviewed and approved the proposal. According to relevant Chinese laws and regulations, this non-public offering plan is still subject to approval by the China Securities Regulatory Commission.

(3) Profit distribution after the balance sheet date

On April 23, 2020, the fourteenth meeting of the second board of directors reviewed and approved the "Proposal on the 2019 Profit Distribution Plan", based on the Company's total share capital of 2,208,399,700 shares on December 31, 2019, a cash of RMB 2.2 (including tax) for every 10 shares is distributed to shareholders and the total payment of cash dividend is RMB 485,847,934.00. This profit distribution plan still needs the approval of shareholders' meeting.

XIV. Other significant events

1. According to “Profit Compensation Agreement between Guangdong Dongfang Jinggong Technology Co., Ltd. and Beijing Pride New Energy Battery Technology Co., Ltd. All shareholders to issue shares and pay cash to purchase assets" signed between the original shareholders of Pride, including the Company, and Guangdong Dongfang Precision Technology Co., Ltd. (referred to as “Dongfang Precision”), original shareholders of Pride committed that Pride's net profit after deducting non-recurring gains and losses in 2018 shall not be less than RMB 423 million, for any shortfall between actual net

profit after deducting non-recurring gains and losses and the committed net profit after deducting non-recurring gains and losses, original shareholders of Pride will compensate firstly by the acquired equity shares of Dongfang Precision (Dongfang Precision buys back at RMB 1 each), and any further shortfall would be settled in cash. The Company was one of the original shareholders of Pride and the previous shareholding in Pride was 23%.

Due to disputes between Dongfang Precision and Pride's original shareholders on whether Pride's 2018 operating result reached the "Profit Compensation Agreement", the Company has accrued compensation amount and recognized financial liabilities of RMB 314,247,518.10 in 2018 based on the principle of prudence.

Dongfang Precision filed an arbitration on gambling compensation on June 6, 2019; on November 25, 2019, Pride's original shareholders, including the Company, and Pride and Dongfang Precision signed the "Agreement" that all parties intend to reach and implement a package solution on Pride related matters by December 31, 2019.

On December 25, 2019, the Company received the "China International Economic Trading Arbitration Commission Mediation Letter" ([2019] China Trade Zhongjing (Shanghai) Cai Zi No. 0470) issued by the Shanghai Branch of the China International Economic Trading Arbitration Commission. As a result, Dongfang Precision repurchased 67,509,632 shares of Dongfang Precision shares held by the Company for RMB0.23, which does not involve cash payment.

According to the Accounting Standards for Business Enterprises and related regulations, if the contingency of performance compensation involves compensation by shares, the compensation should be calculated on the agreed compensation of number of shares multiplied by the market price of the shares when the contingent consideration is recognized.

As of December 31, 2019, regarding the gambling compensation between the Company and Dongfang Precision for Pride 2018 performance, based on Dongfang Precision's share price on that date (RMB 4.25 per share), the Company recognized trading financial liabilities in total of RMB 286,915,936.00. Considering that the Company accrued compensation amount and recognized financial liabilities of RMB 314,247,518.10 in 2018, so there was a reversal of RMB 27,331,582.10 during the year.

On January 17, 2020, based on Dongfang Precision's stock price on that date (RMB 4.64 per share), the total loss of the dispute was RMB 313,244,692. The portion of Dongfang Precision's shares held by the Company was completed the transfer and cancellation on that date.

2. Segment reporting

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's operations and strategies are operating as a whole, and the financial information provided to the chief operating decision makers does not contain profit or loss information for various operating activities. Therefore, the management believes that the Company has only one operating segment and does not need to prepare a segment report, so the Company does not present any segment information.

XV. Notes to significant items of financial statements of parent company

1. Notes receivable

Category	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	8,839,043,601.11		8,839,043,601.11	9,559,181,453.06		9,559,181,453.06
Commercial acceptance bills				56,556,200.00		56,556,200.00
Total	**8,839,043,601.11**		**8,839,043,601.11**	**9,615,737,653.06**		**9,615,737,653.06**

(1) Notes receivables that have been endorsed or discounted at the end of the period and have not yet expired as at 31/12/2019

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	1,640,091,967.76	
Commercial acceptance bills	400,000,000.00	
Total	**2,040,091,967.76**	

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings. Commercial acceptance bills are used to discount to a financial company associated with customer A. The financial company associated with customer A has waived the right to recourse the commercial bill. Credit risk and deferred payment risk are minimal, and the interest rate risk associated with the bill has been transferred to banks and financial company associated with customer A, so the Company determined that the major risks and rewards on the ownership of the bill have been transferred, and derecognized the bills.

2. Accounts receivable

(1) Accounts receivable by ageing

Ageing	As at 31/12/2019
Within 1 year	7,576,897,599.15
Including:[Within 3 months]	5,714,862,135.40
[4 to 12 months]	1,862,035,463.75
Subtotal within 1 year:	7,576,897,599.15
1 to 2 years	88,247,017.30
2 to 3 years	267,306,418.92
3 to 4 years	1,449,437.00
Subtotal	**7,933,900,472.37**
Less: Provision for bad debts	235,230,491.98
Total	**7,698,669,980.39**

(2) Accounts receivable by bad debt provision method

Category	As at 31/12/2019				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	193,239,360.21	2.44	153,527,329.30	79.45	39,712,030.91
Assessed by portfolio for provision for bad debts	7,740,661,112.16	97.56	81,703,162.68	1.06	7,658,957,949.48
Including: Receivables from external customers	7,122,324,614.63	89.77	81,703,162.68	1.15	7,040,621,451.95
Receivables from related parties within the scope of consolidation	618,336,497.53	7.79			618,336,497.53
Total	**7,933,900,472.37**	**100.00**	**235,230,491.98**	**2.96**	**7,698,669,980.39**

Continued

Category	2019.01.01				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	419,600,580.68	5.82	225,539,146.64	53.75	194,061,434.04
Assessed by portfolio for provision for bad debts	6,793,684,081.33	94.18	26,194,775.65	0.39	6,767,489,305.68
Including: Receivables from external customers	5,424,333,679.25	75.20	26,194,775.65	0.48	5,398,138,903.60
Receivables from related parties within the scope of consolidation	1,369,350,402.08	18.98			1,369,350,402.08
Total	**7,213,284,662.01**	**100.00**	**251,733,922.29**	**3.49**	**6,961,550,739.72**

Individually assessed for provision for bad debts:

Name	As at 31/12/2019			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	137,496,109.69	109,996,887.75	80.00	Difficult to recover
Debtor 2	18,002,033.35	9,001,016.68	50.00	Difficult to recover
Debtor 3	17,438,424.00	17,438,424.00	100.00	Litigation in progress, expected not recoverable
Debtor 4	13,879,208.57	13,879,208.57	100.00	Expected not recoverable
Debtor 5	6,423,584.60	3,211,792.30	50.00	Difficult to recover
Total	**193,239,360.21**	**153,527,329.30**	**79.45**	

Provision for bad debts on portfolios:

Provision on portfolio basis: Receivables from external customers

Ageing	As at 31/12/2019		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	6,963,091,194.41	13,533,232.43	0.19
Including: [Within 3 months]	5,142,127,038.90	9,994,067.07	0.19
[4 to 12 months]	1,820,964,155.51	3,539,165.36	0.19
Subtotal within 1 year	6,963,091,194.41	13,533,232.43	0.19
1 to 2 years	49,597,298.26	4,210,822.27	8.49
2 to 3 years	108,186,684.96	62,509,670.98	57.78
3 to 4 years	1,449,437.00	1,449,437.00	100.00
Total	**7,122,324,614.63**	**81,703,162.68**	**1.15**

As at December 31, 2019, details of provision for bad debts as follows:

Category	As at 31/12/2018				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
Individually significant and assessed for impairment individually	419,600,580.68	5.82	225,539,146.64	53.75	194,061,434.04
Provision for bad debts of accounts receivable on portfolio basis					
Including: Ageing portfolio	5,424,333,679.25	75.20	26,194,775.65	0.48	5,398,138,903.60

Category	As at 31/12/2018				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
Receivables from related parties within the scope of consolidation	1,369,350,402.08	18.98			1,369,350,402.08
Subtotal	6,793,684,081.33	94.18	26,194,775.65	0.39	6,767,489,305.68
Individually insignificant but assessed for impairment individually					
Total	**7,213,284,662.01**	**100.00**	**251,733,922.29**	**3.49**	**6,961,550,739.72**

(3) Additions, recoveries or reversals of provision for bad debts during the reporting period

	Provision for bad debts
As at 31/12/2018	251,733,922.29
Adjustment of initial adoption of new financial instrument standards	
2019.01.01	251,733,922.29
Provision for the year	73,103,719.93
Recovered or reversal in the year	89,607,150.24
As at 31/12/2019	**235,230,491.98**

Including: Significant amount of recovery or reversal of provision for bad debts as follows:

Entity	Reason of reversal	Collection method	Previous basis of provision for bad debts	Amount recovered or reversed
Customer B	Cash received through arbitration	Cash	Expected not recoverable, and provided for 50% as bad debt	89,397,070.24

(4) Accounts receivable due from the top five debtors as at 31/12/2019

Accounts receivable due from the top five debtors as at 31/12/2019 was totaling RMB 3,398,114,638.57, which accounted for 42.83% of total accounts receivable, and the corresponding provision for bad debts as at 31/12/2019 was totaling RMB 7,126,515.49.

3. Other receivables

Item	As at 31/12/2019	As at 31/12/2018
Interest receivables		83,773,196.91
Other receivables	4,340,618,298.33	3,562,708,988.16
Total	**4,340,618,298.33**	**3,646,482,185.07**

(1) Interest receivables

Item	As at 31/12/2019	As at 31/12/2018
Interest income from bank deposits and financial products		83,773,196.91

(2) Other receivables

① Other receivables by ageing

Ageing	As at 31/12/2019
Within 1 year	3,508,610,080.91
Including:[Within 3 months]	3,250,039,417.19
[4 to 12 months]	258,570,663.72
Subtotal within 1 year:	3,508,610,080.91
1 to 2 years	808,292,775.41
2 to 3 years	68,106,089.77
3 to 4 years	2,548,972.24
4 to 5 years	57,180.00
Subtotal	**4,387,615,098.33**
Less: Provision for bad debts	46,996,800.00
Total	**4,340,618,298.33**

② Other receivables by category

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Receivables from employees	70,727,030.33		70,727,030.33	65,523,535.46		65,523,535.46
Security deposits or deposits	35,284,885.68		35,284,885.68	10,459,763.08		10,459,763.08

Receivables from related parties within the scope of consolidation	3,135,905,824.72		3,135,905,824.72	3,351,383,000.67		3,351,383,000.67
Other receivables	1,145,697,357.60	46,996,800.00	1,098,700,557.60	146,996,800.00	11,654,111.05	135,342,688.95
Total	**4,387,615,098.33**	**46,996,800.00**	**4,340,618,298.33**	**3,574,363,099.21**	**11,654,111.05**	**3,562,708,988.16**

③ Information of provision for bad debts

As at 31/12/2019, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	70,727,030.33			70,727,030.33	
Security deposits or deposits	35,284,885.68			35,284,885.68	
Receivables from related parties within the scope of consolidation	3,135,905,824.72			3,135,905,824.72	
Other receivables	1,098,700,557.60			1,098,700,557.60	
Total	**4,340,618,298.33**			**4,340,618,298.33**	

As at 31/12/2019, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	46,996,800.00	100.00	46,996,800.00		Expected not recoverable

As at December 31, 2018, provision for bad debts is as follow:

Category	As at 31/12/2018				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
Individually significant and subject to separate provision of other receivable	46,996,800.00	1.32	11,654,111.05	24.80	35,342,688.95

Category	As at 31/12/2018				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
Provision for bad debts collectively as a portfolio based on credit risk characteristics Including: Ageing portfolio					
Receivables from employees	65,523,535.46	1.83			65,523,535.46
Other receivables	100,000,000.00	2.80			100,000,000.00
Security deposits or deposits	10,459,763.08	0.29			10,459,763.08
Receivables from related parties within the scope of consolidation	3,351,383,000.67	93.76			3,351,383,000.67
Subtotal	3,527,366,299.21	98.68			3,527,366,299.21
Individually significant and subject to separate provision of other receivable					
Total	**3,574,363,099.21**	**100.00**	**11,654,111.05**	**0.33**	**3,562,708,988.16**

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at 31/12/2018			11,654,111.05	11,654,111.05
Adjustment of initial adoption of new financial instrument standards				
Balance at 1/1/2019			11,654,111.05	11,654,111.05
Changes of the balance at 1/1/2019 in the year				
-- transfer to second stage				
-- transfer to third stage				
-- transfer back to second stage				

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the entire duration (no credit impairment occurred)	Third stage Expected credit loss for the entire duration (credit impairment has occurred)	Total
-- transfer back to first stage				
Provision for the year			35,342,688.95	35,342,688.95
Reversal in the year				
Disposal in the year				
Written-off in the year				
Other changes				
Balance at 31/12/2019			46,996,800.00	46,996,800.00

⑤ Other receivables due from the top five debtors as at 31/12/2019

Entity	Nature	Other receivables as at 31/12/2019	Ageing	Proportion to total other receivables (%)	Provision for bad debts as at 31/12/2019
Debtor 1	Receivables from related parties within the scope of consolidation	1,354,291,068.66	Within 1 year, 1 to 2 years, 2 to 3 years	30.87	
Debtor 2	Receivables from related parties within the scope of consolidation	1,227,320,000.00	Within 1 year, 1 to 2 years	27.97	
Debtor 3	Other receivables	998,700,500.00	Within 1 year, 1 to 2 years, 2 to 3 years	22.76	
Debtor 4	Receivables from related parties within the scope of consolidation	248,559,000.00	Within 1 year, 1 to 2 years	5.67	
Debtor 5	Receivables from related parties within the scope of consolidation	130,634,400.00	Within 1 year, 1 to 2 years	2.98	
Total		**3,959,504,968.66**		**90.25**	

4. Long-term equity investment

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	8,524,614,941.55		8,524,614,941.55	3,563,419,075.75		3,563,419,075.75
Investment in joint ventures	13,755,084.98		13,755,084.98	9,979,605.92		9,979,605.92
Investment in associates	2,554,623,282.57		2,554,623,282.57	302,397,112.38		302,397,112.38
Total	**11,092,993,309.10**		**11,092,993,309.10**	**3,875,795,794.05**		**3,875,795,794.05**

(1) Investment in subsidiaries

Investee	As at 31/12/2018	Increase	Decrease	As at 31/12/2019	Provision for impairment in the year	Provision for impairment as at 31/12/2019
Qinghai Contemporary Amperex Technology Limited	315,000,000.00			315,000,000.00		
Ningde Hesheng Recycling Technology Co., Ltd.	255,504,900.00		255,504,900.00			
Beijing Lithium Contemporary Amperex Technology Limited	10,348,000.00			10,348,000.00		
Contemporary Amperex Technology GmbH	4,957,674.75			4,957,674.75		
Contemporary Lithium Power Limited	600,000,000.00			600,000,000.00		
Contemporary Amperex Technology (Hong Kong) Limited	8,501.00	418,038,000.00		418,046,501.00		
Ningde Runfeng Real Estate Development Co.,Ltd	10,000,000.00		10,000,000.00			
Jiangsu Contemporary Amperex Technology Limited	500,000,000.00	503,782,412.28		1,003,782,412.28		
Pingnan Contemporary Advanced Materials Technology Limited	50,000,000.00	70,000,000.00		120,000,000.00		
United Auto Battery Co., Ltd.	1,020,000,000.00			1,020,000,000.00		
Ningde RunYuan Power Technology Co., Ltd.	47,500,000.00			47,500,000.00		
Ningde Contemporary Amperex Supply Chain Management Co., Ltd.	100,000,000.00			100,000,000.00		
Ningbo Meishan Bonded Area Wending Investment Co., Ltd.	500,000,000.00			500,000,000.00		
Ningde Runhe Industry Limited	100,000,000.00			100,000,000.00		
Dongfeng Amperex (Wuhan) Battery System Co., Ltd.	50,000,000.00			50,000,000.00		
Dongguan Runyuan New Energy Technology Limited	100,000.00			100,000.00		
Guangdong Brunp Recycling Technology Co., Ltd.		3,196,850,353.52		3,196,850,353.52		
CATL-KSTAR Science & Technology Co., Ltd.		25,500,000.00		25,500,000.00		
CATL-GAC EV Battery Co., Limited		510,000,000.00		510,000,000.00		

Investee	As at 31/12/2018	Increase	Decrease	As at 31/12/2019	Provision for impairment in the year	Provision for impairment as at 31/12/2019
Longyan Sikang New Material Co., Ltd.		133,530,000.00		133,530,000.00		
Sichuan Contemporary Amperex Technology Co., Ltd.		65,000,000.00		65,000,000.00		
CATL-FAW Auto Battery Co., Limited		204,000,000.00		204,000,000.00		
CATL-SICONG Advanced Materials Technology Limited		6,350,000.00	6,350,000.00			
Ningde Amperex Financial Leasing Co., Ltd.		100,000,000.00		100,000,000.00		
Total	**3,563,419,075.75**	**5,233,050,765.80**	**271,854,900.00**	**8,524,614,941.55**		

(2) Investment in associates and joint ventures

Investee	As at 31/12/2018	Movement in the year							As at 31/12/2019	Provision for impairment as at 31/12/2019
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
①Associates										
Beijing Pride Advanced Materials Limited	71,080,934.64			5,847,372.02						76,928,306.66	
SAIC-CATL EV Battery System Co., Ltd.	147,370,407.75			22,692,690.40						170,063,098.15	
National New Energy Vehicle Technology Innovation Center	26,760,852.41			-10,283,126.46						16,477,725.95	
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	26,400,000.00									26,400,000.00	
Yibin Tianyi Lithium Industry Co., Ltd.	26,250,000.00	36,750,000.00		422,293.28						63,422,293.28	
Nanjing Karui Innovation and Entrepreneurship Management Service Co., Ltd.	4,534,917.58			-123,155.31						4,411,762.27	
Ningbo Brunp Times New Energy Co.,Ltd.		1,764,000,000.00								1,764,000,000.00	
Fujian Ningde Zhixiang infinite Technology Co., Ltd.		335,000,000.00		-6,625,544.68						328,374,455.32	
Fujian Contemporary Nebula Energy Technology Ltd.		20,000,000.00		-685,981.67						19,314,018.33	
GAC-CATL EV Battery System Co., Ltd.		49,000,000.00		-2,416,430.80						46,583,569.20	
Qujing Ferrophosphorus Technology Co., Ltd.		40,000,000.00		-1,351,946.59						38,648,053.41	
Subtotal	**302,397,112.38**	**2,244,750,000.00**		**7,476,170.19**						**2,554,623,282.57**	
Shenzhen Senta New Energy Technology Co., Ltd.	9,979,605.92			-3,732,555.68		7,508,034.74				13,755,084.98	
Subtotal	**9,979,605.92**			**-3,732,555.68**		**7,508,034.74**				**13,755,084.98**	

Investee	As at 31/12/2018	Movement in the year								As at 31/12/2019	Provision for impairment as at 31/12/2019
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Total	312,376,718.30	2,244,750,000.00		3,743,614.51		7,508,034.74				2,568,378,367.55	

5. Operating income and operating cost

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost
Primary operations	37,490,596,344.81	28,580,655,382.07	24,799,403,399.42	17,049,613,939.87
Other operations	2,004,402,794.11	864,839,276.67	1,545,068,461.65	506,501,440.99

6. Investment income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Investment income from long-term equity investment accounted by equity method	3,743,614.51	-9,973,479.61
Investment income from disposal of long-term equity investment	1,530,000.00	
Gain from derecognition of financial assets at amortized cost	-72,377,518.71	
Investment income from holding of trading financial assets	19,872,660.10	——
Investment income from holding of available-for-sale financial assets	——	3,655,688.20
Investment income from disposal available-for-sale financial assets	——	115,425,929.58
Bank financial products income		68,865,838.86
Total	**-47,231,244.10**	**177,973,977.03**

XVI. Supplementary information

1. Details of non-recurring gain or loss for the year

Item	Year ended 31/12/2019
Gain or loss on disposal of non-current assets	-12,240,935.15
Government grants included in the profit or loss (except for government grants that are closely related to the company's normal business operations, comply with national policy regulations, and are based on a certain standard rate or quantitative of continuous entitlement)	646,371,587.96
Gain or loss from entrusting others to invest or manage assets	28,956,329.68
Gain or loss from fluctuation of fair value of financial assets and financial liabilities at fair value through profit or loss, except for any effective hedging operations related to normal business of the Company	27,331,582.10
Reversal of provision for impairment of receivables that was made on individual basis	89,397,070.24
Non-operating income and non-operating expenses other than above	19,290,003.41
Total amount of non-recurring items	799,105,638.24

Item	Year ended 31/12/2019
Less: effects of income tax on non-recurring items	127,044,376.24
Net amount of non-recurring items	672,061,262.00
Less: Non-recurring items attributable to the minority shareholders (net of tax)	26,974,522.82
Non-recurring items attributable to the shareholders of the Company	645,086,739.18

2. Return on equity and earnings per share

Profit in reporting period	Weighted average return on equity %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the shareholders of the Company	12.78	2.0937	2.0887
Net profit excluding non-recurring items attributable to the shareholders of the Company	10.98	1.7975	1.7932

Contemporary Amperex Technology Co., Limited

April 23, 2020

CONTEMPORARY AMPEREX TECHNOLOGY CO., LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2020
AUDIT REPORT

(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Grant Thornton

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Auditor's Report

[English Translation for Reference Only]
GTCSZ (2021) No. 351A010373

To all shareholders of Contemporary Amperex Technology Co., Limited:

I. Opinion

We have audited the financial statements of Contemporary Amperex Technology Co., Limited (hereinafter "the Company") , which comprise the consolidated and Company balance sheets as at 31 December 2020, and the consolidated and Company income statements, consolidated and Company cash flow statements and consolidated and Company statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and Company financial positions as at 31 December 2020, and their financial performance and their cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the China Code of Ethics for Certified Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

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

(I) Provision for bad debts of accounts receivables

Relevant disclosure information refers to Note III.10 and V. 5.

1. Descriptions of the matter

As of December 31, 2020, the balance of accounts receivable in the consolidated financial statements of the Company was RMB11,722.45 million and the balance of provision for bad debts was RMB428.93 million, which was significant for the total assets of the consolidated financial statements. For accounts receivable, management classifies businesses with similar credit risk characteristics into the same portfolio, and measures loss allowances based on expected credit losses in its lifetime. Key assumptions involved include historical credit losses, days past due, and current and expected future economic conditions. Since the key assumptions used by management in determination of the expected credit losses of accounts receivable involve significant judgments, we considered the provision for bad debts of receivables as a key audit matter.

2. Response in our audit

Our procedures performed in response to the provision for bad debt of accounts receivables include:

(1) Obtained understanding on the key internal control of financial reporting related to credit control, collection from debtor and assessment of expected credit losses of receivables as implemented by management, including division of portfolios of accounts receivable and review and approval using key assumptions by management, and evaluated the design and operating effectiveness of these internal controls;

(2) Combined with the characteristics and risks of the Company's industry, evaluated the reasonableness of the forward-looking information used by management when determining expected credit losses;

(3) Select samples to perform confirmation of balance of the accounts receivable, and determined whether both parties have reached an agreement on the amount of the accounts receivable, evaluated the credit risk based on customer background, business status, market environment, historical repayment situation, and default records; sent legal letter to receivables involved in litigation, and evaluated whether the impairment provision on individual item is appropriate based on the confirmation returned;

(4) Obtained the aging analysis of accounts receivable prepared by management, checked the sales invoices, receipts and statements on a sampling basis, and evaluated the accuracy of the aging analysis of accounts receivable;

(5) Evaluate the reasonableness of the expected credit loss made by the management by checking the customer's subsequent payment, taking reference to the customer's historical credit loss, the customer's operating conditions and performance, and taking into considerations of industry trends and market development.

(II) Recognition of revenue

Relevant disclosure information refers to Note III.23 and V. 44.

1. Descriptions of the matter

The Company's annual performance in 2020 has growth during the year, with a total revenue of RMB50,319.49 million. The Company delivers the product to the customer as agreed, and revenue is recognised on the realization of the customer's acceptance of products or statement reconciliation. Since the amount of sales revenue is significant and one of the key performance indicators, there is an inherent risk that management will manipulate revenue recognition in order to achieve specific goals or expectations. Therefore, we have identified revenue recognition as a key audit matter.

2. Responses in our audit

(1) Obtained understanding and evaluate the internal control design related to revenue recognition, and tested the operating effectiveness of key internal control;

(2) Obtained the contract signed by the Company and the customer, checked the key terms of the contract, and evaluated whether the revenue recognition policy meets the requirements of the Accounting Standards for Business Enterprises;

(3) Performed analytical procedures, including gross profit margin analysis, monthly data analysis, financial data and business data verification analysis, etc.;

(4) Selected samples to check the contracts, orders, shipping documents, acceptance records with customers, invoices, etc. related to the sale, combined with the subsequent collection of receivables after the year end, evaluated the correctness of the Company's recognition of revenue, and focus on the samples before and after the balance sheet date are included in the proper accounting period;

(5) Performed confirmation procedures with key customers to verify the sales amount and balance of current accounts;

(6) Assessed the accuracy in calculation of the rebate amount at the end of the year and the accrual of rebate;

(7) Conducted cut-off test on revenue recognized before and after the balance sheet date to evaluate whether the revenue are recognized in proper accounting period.

IV. Other Information

Management of the Company is responsible for the other information. The other information comprises the information included in the Company's 2020 annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation of the financial statements to achieve fair presentation in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a

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material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Grant Thornton Auditor’s signature and stamp

Auditor’s signature and stamp

Beijing, China 26 April 2021

Consolidated and Company Balance Sheets

As at 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limited — Expressed in RMB

Item	Note	31/12/2020		31/12/2019	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and bank balances	V.1	68,424,116,053.67	50,211,945,692.89	32,269,635,327.07	27,814,838,493.03
Trading financial assets	V.2	3,288,071,512.61	818,258,790.39	1,389,585,592.37	270,467,544.93
Derivative financial assets	V.3	1,330,347,108.86	1,344,165,542.99	1,812,135,529.60	1,812,135,529.60
Notes receivable	V.4	9,877,156,349.23	9,416,041,241.33	9,649,949,692.85	8,839,043,601.11
Accounts receivable	V.5	11,293,523,722.88	10,088,619,894.86	8,338,535,645.35	7,698,669,980.39
Receivable financing					
Prepayments	V.6	997,118,630.25	1,924,214,157.90	538,163,094.42	1,832,019,117.55
Other receivables	V.7	3,303,956,813.15	6,285,015,827.63	4,568,565,748.80	4,340,618,298.33
Including: Interest receivable					
Dividend receivables					
Inventories	V.8	13,224,640,950.39	8,933,727,905.30	11,480,549,879.88	7,543,150,992.11
Contract assets	V.9	75,269,024.76	75,269,024.76		
Assets held for sale					
Non-current assets due within one year	V.10	81,548,616.67			
Other current assets	V.11	969,240,539.21	285,741,138.93	1,647,816,662.94	427,881,244.64
Total current assets		**112,864,989,321.68**	**89,382,999,216.98**	**71,694,937,173.28**	**60,578,824,801.69**
Non-current assets:					
Debts investment					
Other debts investment					
Long-term receivables	V.12	372,156,591.66			
Long-term equity investments	V.13	4,813,072,905.14	15,148,758,386.31	1,540,452,827.51	11,092,993,309.10
Other equity instruments investment	V.14	1,997,026,992.95	897,055,696.07	1,530,603,722.80	1,030,603,722.80
Other non-current financial assets					
Investment properties					
Fixed assets	V.15	19,621,648,443.02	9,589,467,994.98	17,417,348,593.44	9,054,544,829.91
Construction in progress	V.16	5,750,351,820.37	2,141,898,621.06	1,996,524,778.01	1,069,676,000.40
Productive biological assets					
Oil and gas assets					
Intangible assets	V.17	2,517,935,725.46	794,419,051.90	2,302,317,207.14	702,944,942.18
Development costs					
Goodwill	V.18	147,951,887.23		147,951,887.23	
Long-term deferred expenses	V.19	363,551,716.95	291,808,394.82	394,096,018.07	323,041,176.52
Deferred tax assets	V.20	3,167,109,948.33	2,466,602,169.86	2,079,210,533.02	1,655,548,061.78
Other non-current assets	V.21	5,002,631,587.80	1,108,053,521.03	2,248,533,970.82	343,240,543.15
Total non-current assets		**43,753,437,618.91**	**32,438,063,836.03**	**29,657,039,538.04**	**25,272,592,585.84**
TOTAL ASSETS		**156,618,426,940.59**	**121,821,063,053.01**	**101,351,976,711.32**	**85,851,417,387.53**

Legal representative： **Person in charge of financial function：** **Prepared by：**

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limited | Expressed in RMB

Item	Note	31/12/2020		31/12/2019	
		Consolidated	Company	Consolidated	Company
Current Liabilities：					
Short-term borrowings	V.22	6,335,080,182.17	734,775,805.56	2,125,646,681.77	400,478,500.00
Trading financial liabilities	V.23			286,915,936.00	286,915,936.00
Derivative financial liabilities	V.24				
Notes payable	V.24	15,636,589,526.90	12,823,823,176.92	17,420,197,790.40	14,211,406,555.72
Accounts payable	V.25	15,634,844,308.52	15,354,892,747.36	10,692,137,500.67	9,038,280,048.07
Advance from customers	V.26			6,161,443,242.83	5,427,553,025.48
Contract liabilities	V.27	6,875,227,795.16	6,832,467,549.16		
Employee benefits payable	V.28	2,657,564,914.42	2,389,417,399.83	1,582,275,521.53	1,385,551,183.99
Taxes payable	V.29	1,321,059,090.43	672,343,018.43	962,984,568.04	632,094,820.47
Other payables	V.30	4,407,776,289.55	3,890,858,877.14	5,298,308,992.73	4,983,326,345.52
Including: Interest payable					
Dividend payable		6,172,824.12	6,172,824.12	2,418,687.95	2,418,687.95
Liabilities held for sale					
Non-current liabilities maturing within one year	V.31	1,349,038,696.49	843,232,185.78	1,077,468,495.09	809,720,325.77
Other current liabilities	V.32	760,008,999.58	755,802,363.73		
Total current liabilities		**54,977,189,803.22**	**44,297,613,123.91**	**45,607,378,729.06**	**37,175,326,741.02**
Non-current liabilities:					
Long-term loans	V.33	6,068,163,254.20	3,592,734,251.28	4,980,563,181.26	3,325,626,944.13
Bonds payable	V.34	14,382,255,950.87	4,612,230,846.82	1,508,339,195.70	1,508,339,195.70
Long-term payables	V.35	1,193,938,630.30		873,618,580.61	
Long-term employee benefits payable					
Provisions	V.36	6,797,704,877.32	6,617,264,087.73	5,289,773,262.40	5,149,144,094.30
Deferred income	V.37	3,918,939,197.71	210,074,403.26	813,236,654.86	282,670,136.94
Deferred tax liabilities	V.20	85,518,810.08	64,937,718.88	91,191,949.71	68,602,469.77
Other non-current liabilities					
Total non-current liabilities		**32,446,520,720.48**	**15,097,241,307.97**	**13,556,722,824.54**	**10,334,382,840.84**
TOTAL LIABILITIES		**87,423,710,523.70**	**59,394,854,431.88**	**59,164,101,553.60**	**47,509,709,581.86**
Share capital	V.38	2,329,474,028.00	2,329,474,028.00	2,208,399,700.00	2,208,399,700.00
Capital reserve	V.39	41,662,151,603.08	43,144,505,254.61	21,630,448,577.59	23,112,308,480.40
Less: Treasury shares	V.40	710,020,552.82	710,020,552.82	1,074,894,790.00	1,074,894,790.00
Other comprehensive income	V.41	1,126,992,951.02	1,034,923,697.43	620,819,644.93	576,704,113.36
Special reserve					
Surplus reserve	V.42	1,157,782,633.55	1,164,737,014.00	1,097,245,469.55	1,104,199,850.00
Undistributed profits	V.43	18,640,918,703.75	15,462,589,179.91	13,652,965,292.41	12,414,990,451.91
Total owner's equity attributable to the parent		64,207,299,366.58	62,426,208,621.13	38,134,983,894.48	38,341,707,805.67
Minority interests		4,987,417,050.31		4,052,891,263.24	
TOTAL SHAREHOLDERS' EQUITY		**69,194,716,416.89**	**62,426,208,621.13**	**42,187,875,157.72**	**38,341,707,805.67**
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**156,618,426,940.59**	**121,821,063,053.01**	**101,351,976,711.32**	**85,851,417,387.53**

Legal representative： **Person in charge of financial function:** **Prepared by:**

Consolidated and Company Income Statements

For the year ended 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limited | Expressed in RMB

Item	Note	Year ended 31/12/2020		Year ended 31/12/2019	
		Consolidated	Company	Consolidated	Company
I. Operating income	V.44	50,319,487,697.20	42,114,970,746.67	45,788,020,642.41	39,494,999,138.92
Less: Operating costs	V.44	36,349,153,592.22	32,358,440,323.72	32,482,760,512.62	29,445,494,658.74
Taxes and surcharges	V.45	295,129,893.60	194,973,788.08	272,228,105.62	203,844,169.74
Selling expenses	V.46	2,216,709,532.73	2,111,974,152.89	2,156,553,541.51	2,011,470,528.94
Administrative expenses	V.47	1,768,115,240.89	1,230,564,798.15	1,832,673,929.87	1,299,390,977.05
Research and development expenses	V.48	3,569,377,694.03	2,907,400,488.87	2,992,107,516.52	2,529,115,712.31
Financial expense	V.49	-712,642,421.45	-849,569,819.87	-781,621,299.53	-822,132,613.46
Including: Interest expenses		640,434,316.54	390,896,563.74	289,254,465.49	206,900,405.90
Interest income		1,494,600,958.67	1,384,063,604.39	1,078,256,966.28	1,011,910,923.68
Add: Other income	V.50	1,135,940,385.95	723,820,580.55	646,371,587.96	528,924,410.32
Investment gains ("-" for loss)	V.51	-117,648,607.80	-271,736,544.53	-79,604,902.02	-47,231,244.10
Including: Gains from investments in associates and joint ventures		-4,027,332.09	-25,517,566.05	-11,899,568.84	3,743,614.51
Gain from derecognition of financial assets at amortized cost ("-" for loss)		-91,456,141.35	-40,984,320.63	-100,357,220.91	-72,377,518.71
Gain from net exposure of hedge ("-" for loss)					
Gains from changes of fair value ("-" for loss)	V.52	286,915,936.00	286,915,936.00	27,331,582.10	27,331,582.10
Credit impairment loss ("-" for loss)	V.53	-341,982,529.63	-253,660,194.72	-235,676,386.11	-18,839,258.64
Assets impairment loss ("-" for loss)	V.54	-827,489,419.0	-666,821,372.51	-1,434,329,163.69	-1,031,970,918.16
Gain from disposal of assets ("-" for loss)	V.55	-9,890,379.23	-5,097,693.34	1,382,204.06	7,151,019.23
II. Operating profit ("-" for loss)		**6,959,489,551.43**	**3,974,607,726.28**	**5,758,793,258.10**	**4,293,181,296.35**
Add: Non-operating income	V.56	94,318,062.61	67,874,432.30	62,428,112.63	43,037,753.69
Less: Non-operating expenses	V.57	71,254,204.80	45,996,169.94	60,456,806.48	40,075,669.40
III. Total profit ("-" for loss)		**6,982,553,409.24**	**3,996,485,988.64**	**5,760,764,564.25**	**4,296,143,380.64**
Less: Income tax expenses	V.58	878,635,356.78	352,791,377.68	748,090,666.38	458,329,901.63
IV. Net profit ("-" for loss)		**6,103,918,052.46**	**3,643,694,610.96**	**5,012,673,897.87**	**3,837,813,479.01**
(I) Classified by continuity of operations					
Including: Net profit from continuing operations ("-" for loss)		6,103,918,052.46	3,643,694,610.96	5,012,673,897.87	3,837,813,479.01
Net profit from discontinued operation ("-" for loss)					
(II) Classified by attribution to ownership					
Including: Net profit attributable to shareholders of the parent ("-" for loss)		5,583,338,710.38	3,643,694,610.96	4,560,307,432.71	3,837,813,479.01
Net profit attributable to minority interests ("-" for loss)		520,579,342.08		452,366,465.16	
V. Other comprehensive income - after tax		**505,828,698.82**	**458,219,584.07**	**957,658,852.86**	**924,656,074.58**
Other comprehensive income - after tax attributable to owners of the parent		506,173,306.09	458,219,584.07	957,658,852.86	924,656,074.58
(I) Other comprehensive income not reclassified into profit or loss subsequently		152,159,228.91	152,159,228.91	11,970,230.92	11,970,230.92
1. Changes in the fair value of other debt investments		152,159,228.91	152,159,228.91	11,970,230.92	11,970,230.92
(II) Other comprehensive income that will be reclassified into profit or loss subsequently		354,014,077.18	306,060,355.16	945,688,621.94	912,685,843.66
1. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)		292,241,921.03	306,060,355.16	912,685,843.66	912,685,843.66
2. Translation difference of foreign currency financial statement		61,772,156.15		33,002,778.28	
Other comprehensive income - after tax attributable to minority interests		-344,607.27			
VI. Total comprehensive income		**6,609,746,751.28**	**4,101,914,195.03**	**5,970,332,750.73**	**4,762,469,553.59**
Total comprehensive income attributable to owners of the parent		6,089,512,016.47	4,101,914,195.03	5,517,966,285.57	4,762,469,553.59
Total comprehensive income attributable to minority interests		520,234,734.81		452,366,465.16	
VII. Earnings per share					
(I) Basic earnings per share		2.4942		2.0937	
(II) Diluted earnings per share		2.4848		2.0887	

Legal representative： **Person in charge of financial function：** **Prepared by：**

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limited — Expressed in RMB

Item	Note	Year ended 31/12/2020		Year ended 31/12/2019	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash received from sale of goods or rendering of services		54,002,988,575.54	43,920,719,412.85	52,149,078,427.56	45,990,635,445.54
Tax refund received		151,928,522.94	10,377,296.98	395,686,584.53	130,002,896.77
Other cash received relating to operating activities	V.59	6,397,335,867.06	2,764,874,236.49	3,763,244,302.06	3,570,110,253.34
Sub-total of cash inflows		**60,552,252,965.54**	**46,695,970,946.32**	**56,308,009,314.15**	**49,690,748,595.65**
Cash paid for goods and services		33,461,951,736.87	27,918,053,588.66	33,260,080,970.87	31,017,006,562.47
Cash paid to and on behalf of employees		4,027,848,128.71	2,815,737,513.64	3,704,062,487.97	2,706,538,290.96
Payments of all types of taxes		2,265,587,429.63	1,340,476,681.07	2,688,800,053.78	2,124,224,574.59
Other cash paid relating to operating activities	V.59	2,366,963,038.37	4,064,491,944.45	3,183,111,244.73	3,029,506,923.44
Sub-total of cash outflows		**42,122,350,333.58**	**36,138,759,727.82**	**42,836,054,757.35**	**38,877,276,351.46**
Net cash flows from operating activities		**18,429,902,631.96**	**10,557,211,218.50**	**13,471,954,556.80**	**10,813,472,244.19**
II. Cash flows from investing activities					
Cash received from disposal of investments		44,779,761.91	93,000,000.00	0.23	17,880,000.23
Cash received from returns on investments		24,087,086.33	10,595,926.85	2,563,085.15	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		24,649.08	6,665.08	15,088,255.27	397,195.02
Cash received from disposal of subsidiaries and other business units				10,026,813.18	
Other cash received relating to investing activities	V.59	2,735,874,410.58	2,928,836,350.98	15,477,402,748.49	19,153,204,953.03
Sub-total of cash inflows		**2,804,765,907.90**	**3,032,438,942.91**	**15,505,080,902.32**	**19,171,482,148.28**
Cash paid to acquire fixed assets, intangible assets and other long-term assets		13,302,355,759.04	5,769,178,017.10	9,626,986,411.07	4,798,596,798.31
Cash paid to investments		4,088,418,479.98	4,214,664,366.05	907,758,218.55	6,239,540,000.00
Cash paid to acquire subsidiaries and other business units					
Other cash paid relating to investing activities	V.59	466,447,835.43	1,267,739,657.35	3,114,021,020.85	1,315,862,123.35
Sub-total of cash outflows		**17,857,222,074.45**	**11,251,582,040.50**	**13,648,765,650.47**	**12,353,998,921.66**
Net cash flows from investing activities		**-15,052,456,166.55**	**-8,219,143,097.59**	**1,856,315,251.85**	**6,817,483,226.62**
III. Cash flows from financing activities					
Cash received from capital contribution		20,536,360,992.16	19,612,837,567.75	1,217,784,889.68	495,810,491.00
Include: Cash received from investment by minority interests of subsidiaries		923,523,424.41		721,974,398.68	
Cash received from borrowings		9,450,920,678.78	2,434,000,000.00	4,616,632,167.94	1,473,902,227.43
Cash received relating to other financing activities	V.59	13,199,266,407.50	4,665,600,000.00	1,498,800,000.00	1,498,800,000.00
Sub-total of cash inflows		**43,186,548,078.44**	**26,712,437,567.75**	**7,333,217,057.62**	**3,468,512,718.43**
Cash repayments of amounts borrowed		4,743,701,233.75	1,798,934,360.85	2,418,452,429.42	1,248,832,420.52
Cash payments for interest expenses and distribution of dividends or profits		898,809,819.12	754,838,208.62	573,302,388.77	493,574,364.94
Include: Dividend paid to minority interests of subsidiaries		7,825,842.99			
Other cash payments relating to financing activities	V.59	112,602,486.19	1,575,026,625.96	173,132,704.46	53,298,974.20
Sub-total of cash outflows		**5,755,113,539.06**	**4,128,799,195.43**	**3,164,887,522.65**	**1,795,705,759.66**
Net cash flows from financing activities		**37,431,434,539.38**	**22,583,638,372.32**	**4,168,329,534.97**	**1,672,806,958.77**
IV. Effect of foreign exchange rate changes on cash		-576,950,661.91	-90,606,182.50	14,801,651.37	**18,541,678.91**
V. Net increase in cash and cash equivalents		**40,231,930,342.88**	**24,831,100,310.73**	**19,511,400,994.99**	**19,322,304,108.49**
Add: Opening balance of cash and cash equivalent		23,200,055,644.02	22,702,400,552.67	3,688,654,649.03	3,380,096,444.18
VI. Closing balance of cash and cash equivalent		**63,431,985,986.90**	**47,533,500,863.40**	**23,200,055,644.02**	**22,702,400,552.67**

Legal representative : **Person in charge of financial function :** **Prepared by :**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Year ended 31/12/2020								
	Equity attributable to the shareholders of parent company							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
I. Balance at end of previous year	2,208,399,700.00	21,630,448,577.59	1,074,894,790.00	620,819,644.93	-	1,097,245,469.55	13,652,965,292.41	4,052,891,263.24	42,187,875,157.72
Add: Changes in accounting policies							26,645,789.66	599,721.84	27,245,511.50
Correction of errors									-
Business combination under common control									-
Others									-
II. Balance in beginning of year	2,208,399,700.00	21,630,448,577.59	1,074,894,790.00	620,819,644.93	-	1,097,245,469.55	13,679,611,082.07	4,053,490,985.08	42,215,120,669.22
III. Movement over the year("- "for decrease)	121,074,328.00	20,031,703,025.49	-364,874,237.18	506,173,306.09	-	60,537,164.00	4,961,307,621.68	933,926,065.23	26,979,595,747.67
(I)Total comprehensive income for the year				506,173,306.09			5,583,338,710.38	520,234,734.81	6,609,746,751.28
(II) Owner's contributions and decrease of capital	121,074,328.00	19,678,766,424.48	-364,874,237.18	-	-	-	-	421,517,173.41	20,586,232,163.07
1. Capital contribution from shareholders	121,074,328.00	19,755,790,267.84	-364,874,237.18					421,517,173.41	20,663,256,006.43
2. Increase in shareholder's equity resulted from other equity instruments									-
3. Equity settled share-based payments		-77,023,843.36							-77,023,843.36
4. Other									-
(III) Appropriation of profits	-	-	-	-	-	60,537,164.00	-547,095,397.18	-7,825,842.99	-494,384,076.17
1. Appropriation to surplus reserves						60,537,164.00	-60,537,164.00		-
2. Distributions to shareholders							-486,558,233.18	-7,825,842.99	-494,384,076.17
3. Others									-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital									-
2.Surplus reserves converting into share capital									-
3.Surplus reserves cover the deficit									-
4. Other comprehensive income transfer to retained earnings									-
5. Other									-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Provision for the year									-
2.Use for the year									-
(VI) Other		352,936,601.01					-74,935,691.52		278,000,909.49
IV. Balance at end of year	2,329,474,028.00	41,662,151,603.08	710,020,552.82	1,126,992,951.02	-	1,157,782,633.55	18,640,918,703.75	4,987,417,050.31	69,194,716,416.89

Legal representative: **Person in charge of financial function ：** **Prepared by ：**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limitec

Expressed in RMB

Item	Year ended 31/12/2019								
	Equity attributable to the shareholders of parent company							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
I. Balance at end of previous year	2,195,017,400.00	21,372,918,712.25	793,701,060.00	-336,839,207.93		985,878,418.69	9,515,006,632.30	2,261,889,695.31	35,200,170,590.62
Add: Changes in accounting policies									-
Correction of errors									-
Business combination under common control									-
Others									-
II. Balance in beginning of year	2,195,017,400.00	21,372,918,712.25	793,701,060.00	-336,839,207.93	-	985,878,418.69	9,515,006,632.30	2,261,889,695.31	35,200,170,590.62
III. Movement over the year("- "for decrease)	13,382,300.00	257,529,865.34	281,193,730.00	957,658,852.86	-	111,367,050.86	4,137,958,660.11	1,791,001,567.93	6,987,704,567.10
(I)Total comprehensive income for the year				957,658,852.86			4,560,307,432.71	452,366,465.16	5,970,332,750.73
(II) Owner's contributions and decrease of capital	13,382,300.00	727,668,185.74	281,193,730.00	-	-	-	-	714,744,402.22	1,174,601,157.96
1. Capital contribution from shareholders	13,382,300.00	462,267,770.73	281,193,730.00					714,744,402.22	909,200,742.95
2. Increase in shareholder's equity resulted from other equity instruments									-
3. Equity settled share-based payments		265,400,415.01							265,400,415.01
4. Other									-
(III) Appropriation of profits	-	-	-	-	-	111,367,050.86	-422,348,772.60	-	-310,981,721.74
1. Appropriation to surplus reserves						111,367,050.86	-111,367,050.86		-
2. Distributions to shareholders							-310,981,721.74		-310,981,721.74
3. Others									-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital									-
2.Surplus reserves converting into share capital									-
3.Surplus reserves cover the deficit									-
4. Other comprehensive income transfer to retained earnings									-
5. Other									-
(V) Special reserve	-	-	-	-	-	-	-	-	-
1. Provision for the year									-
2.Use for the year									-
(VI) Other		-470,138,320.40						623,890,700.55	153,752,380.15
IV. Balance at end of year	2,208,399,700.00	21,630,448,577.59	1,074,894,790.00	620,819,644.93	-	1,097,245,469.55	13,652,965,292.41	4,052,891,263.24	42,187,875,157.72

Legal representative: **Person in charge of financial function ：** **Prepared by ：**

Company Statement of Changes in Equity

For the year ended 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Year ended 31 December 2020							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at end of previous year	2,208,399,700.00	23,112,308,480.40	1,074,894,790.00	576,704,113.36	-	1,104,199,850.00	12,414,990,451.91	38,341,707,805.67
Add: Changes in accounting policies							25,935,205.74	25,935,205.74
Correction of errors								
Others								-
II. Balance in beginning of year	2,208,399,700.00	23,112,308,480.40	1,074,894,790.00	576,704,113.36	-	1,104,199,850.00	12,440,925,657.65	38,367,643,011.41
III. Movement over the year("- "for decrease)	121,074,328.00	20,032,196,774.21	-364,874,237.18	458,219,584.07	-	60,537,164.00	3,021,663,522.26	24,058,565,609.72
(I)Total comprehensive income for the year				458,219,584.07			3,643,694,610.96	4,101,914,195.03
(II) Owner's contributions and decrease of capital	121,074,328.00	19,679,260,173.20	-364,874,237.18	-	-	-	-	20,165,208,738.38
1. Capital contribution from shareholders	121,074,328.00	19,756,284,016.84	-364,874,237.18					20,242,232,582.02
2. Increase in shareholder's equity resulted from other equity instruments		-77,023,843.64						-77,023,843.64
3. Other		-						-
(III) Appropriation of profits	-	-	-	-	-	60,537,164.00	-547,095,397.18	-486,558,233.18
1. Appropriation to surplus reserves						60,537,164.00	-60,537,164.00	-
2. Distributions to shareholders							-486,558,233.18	-486,558,233.18
3. Others								-
(IV) Transfer within equity	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital								-
2.Surplus reserves converting into share capital								-
3.Surplus reserves cover the deficit								-
4. Other comprehensive income transfer to retained earnings								
5. Other								-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Provision for the year								-
2.Use for the year								-
(VI) Other		352,936,601.01					-74,935,691.52	278,000,909.49
IV. Balance at end of year	2,329,474,028.00	43,144,505,254.61	710,020,552.82	1,034,923,697.43	-	1,164,737,014.00	15,462,589,179.91	62,426,208,621.13

Legal representative: **Person in charge of financial function：** **Prepared by：**

Company Statement of Changes in Equity

For the year ended 31 December 2020

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Year ended 31 December 2019							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at end of previous year	2,195,017,400.00	21,373,521,961.36	793,701,060.00	-347,951,961.22		992,832,799.14	8,999,525,745.50	32,419,244,884.78
Add: Changes in accounting policies								-
Correction of errors								-
Others								-
II. Balance in beginning of year	2,195,017,400.00	21,373,521,961.36	793,701,060.00	-347,951,961.22	-	992,832,799.14	8,999,525,745.50	32,419,244,884.78
III. Movement over the year("- "for decrease)	13,382,300.00	1,738,786,519.04	281,193,730.00	924,656,074.58	-	111,367,050.86	3,415,464,706.41	5,922,462,920.89
(I)Total comprehensive income for the year				924,656,074.58			3,837,813,479.01	4,762,469,553.59
(II) Owner's contributions and decrease of capital	13,382,300.00	727,668,185.74	281,193,730.00	-	-	-	-	459,856,755.74
1. Capital contribution from shareholders	13,382,300.00	462,267,770.73	281,193,730.00					194,456,340.73
2. Increase in shareholder's equity resulted from other equity instruments		265,400,415.01						265,400,415.01
3. Other								-
(III) Appropriation of profits	-	-	-	-	-	111,367,050.86	-422,348,772.60	-310,981,721.74
1. Appropriation to surplus reserves						111,367,050.86	-111,367,050.86	-
2. Distributions to shareholders							-310,981,721.74	-310,981,721.74
3. Others								-
(IV) Transfer within equity	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital								-
2.Surplus reserves converting into share capital								-
3.Surplus reserves cover the deficit								-
4. Other comprehensive income transfer to retained earnings								
5. Other								-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Provision for the year								-
2.Use for the year								-
(VI) Other		1,011,118,333.30						1,011,118,333.30
IV. Balance at end of year	2,208,399,700.00	23,112,308,480.40	1,074,894,790.00	576,704,113.36	-	1,104,199,850.00	12,414,990,451.91	38,341,707,805.67

Legal representative: **Person in charge of financial function：** **Prepared by：**

Notes to the Financial Statements

I. Company Information

1. Company profile

Contemporary Amperex Technology Co., Limited (hereinafter referred to as the "Company") was incorporated in Ningde, Fujian Province on December 16, 2011, and obtained the legal person business license number of 350902100027641 issued by the Ningde Administration for Industry and Commerce of Fujian Province. On October 31, 2015, the company was changed into a joint stock company with a total share capital of RMB 40 million. The Company obtained the legal person business license with the unified social credit code of 91350900587527783P issued by the Ningde Administration for Industry and Commerce of Fujian Province.

On May 18, 2018, the China Securities Regulatory Commission issued the “Reply of approval of the Initial Public Offering of Contemporary Amperex Technology Co., Limited” (Securities Regulatory Permit [2018] No. 829), and the Company publicly issued 217,243,733 ordinary shares. The A-shares of RMB common stock issued by the Company were listed on the Shenzhen Stock Exchange on June 11, 2018 (stock code: 300750).

On June 24, 2020, as approved by the China Securities Regulatory Commission on “Approval of Non-public Issuance of Shares by Contemporary Amperex Technology Co., Limited” (Zheng Jian Ke [2020] No. 1268), the Company issued 122,360,248 shares of RMB ordinary shares (A shares) by non-public issuance, and was listed on August 4, 2020. As of December 31, 2020, the Company’s registered capital was RMB 2,329,474,028. Its legal representative is Jia Zhou (周佳), and its registered office is No. 2, Xingang Road, Zhangwan Town, Jiaocheng District, Ningde City.

The main business scope of the Company and its subsidiaries is the development, production, sales and after-sales service of lithium-ion power battery systems, energy storage systems and lithium battery materials by using battery recycling technology.

The financial statements and the notes to the financial statements have been approved by the twenty-eighth meeting of the second session of Board of Directors on 26 April 2021.

2. Scope of consolidated financial statements

As of 31 December 2020, there are 56 subsidiaries included in the scope of consolidation. For details, please refer to “Note VI. Changes in the scope of consolidation” and “Note VII. Interests in other entities”.

II. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (collectively, “ Accounting Standards for Business Enterprises “) . In addition, the Company also discloses relevant financial information according to Information Disclosures Regulations for Companies that Offering Shares in Public No.15-General Provision of Preparing Financial Report (revised in 2014) issued announced by China Securities Regulatory Commission.

The consolidated financial statements have been prepared on going concern basis.

The Company adopts the accrual basis of accounting. The financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

III. Significant accounting policies and accounting estimates

The Company determines the policies of depreciation of fixed assets, amortization of intangible assets, and revenue recognition according to the characteristics of its production and operation. Specific accounting policies refer to Note III. 14, 16 and 23.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The consolidated financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the consolidated and Company's financial positions as of 31 December 2020, and their operating results and their cash flows for the year ended 31 December 2020 and other relevant information.

2. Financial year

The financial year of the Company is from 1 January to 31 December of each calendar year.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The financial statements of the Company and its domestic subsidiaries have been prepared in Renminbi ("RMB") . The Company's foreign subsidiaries determine their functional currency according to the primary economic environment where they operate, and then translated to RMB when preparing the financial statements

5. Accounting treatment of business combinations not involving enterprises under common control

(1) Business combinations not involving enterprises under common control

For business combinations not involving enterprises under common control, the consideration costs include acquisition-date fair values of the assets transferred, liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control of the acquire. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and subsequently measured on the basis of its costs less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is credited in profit or loss for the current period after reassessment.

(2) Accounting treatment of transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt instruments issued as the considerations of business combination are included in the initial recognition amount of the equity or debt instruments.

6. Basis of preparation of consolidated financial statements

(1) Scope of consolidation

The scope of consolidated financial statements is determined on the basis of control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company.

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. In preparation of consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be in accordance with those established by the Company, all significant intercompany accounts and transactions are eliminated on consolidation.

Where a subsidiary or business has been acquired during the reporting period, through a business combination not involving enterprises under common control, the revenue, expenses and profit of the subsidiary or business after the acquisition date are included in the consolidated income statement, the cash flows after the acquisition date are included in consolidated cash flow statement.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement below the "net profit" line item as "minority interests". When the amount of loss for the current period attributable to minority interests of the subsidiary exceeds the minority interests' share of the opening equity of the subsidiary, the excess is still allocated against the minority interests.

(3) Acquires minority interest from a subsidiary's minority shareholders

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the minority interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (capital premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value

9. Foreign currency transactions

(1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss for the current period.

(2) Translation of foreign currency financial statements

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities of the balance sheet are translated to RMB using the spot exchange rate at the balance sheet date. Items of the shareholders' equity, except for “undistributed profits”, are translated at the spot exchange rate at the dates on which such items arose.

The revenue and expenditure in the statement of income are translated using the spot exchange rate at the transaction date.

Items of the cash flow statement are translated using the spot exchange rate when it incurs. Effects arising from changes of exchange rates on cash and cash equivalents are presented separately as “Effect of changes in exchange rates on cash and cash equivalents” in the cash flow statement.

Differences arising from the translation of financial statements are separately presented as “other comprehensive income” in the shareholders' equity of the balance sheet.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following conditions is met, the financial assets are derecognized:

①The contractual rights to the cash flows from the financial asset expire;

②The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized meanwhile.

If the financial assets are traded routinely, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

Upon initial recognition, the Company classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets at amortized cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through other comprehensive income:

- The Company’s business model for managing such financial assets is to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss for the current period when the financial asset is derecognised, amortised using the effective interest method or with impairment recognised.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company’s business model for managing such financial assets is achieved both by collecting collect contractual cash flows and selling such financial assets;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognised in profit or loss for the current period, and other gains or losses are recognised in other comprehensive income. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the profit or loss for the current period.

However, for non-trading equity instrument investments, the Company irrevocably designates them as financial assets at fair value through other comprehensive income at initial recognition. The designation is made on a single investment basis and the relevant investment meets the definition of equity instruments from the perspective of the issuer.

Subsequent to initial recognition, these financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gains or losses and changes in fair value are included in Other comprehensive income. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model for managing financial assets refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

The Company assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable without significant financing component are initially recognised based on the transaction price expected to be entitled by the Company.

(3) Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Company are classified as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognised.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise held-for-trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognised in profit or loss for the current period.

Classification between financial liabilities and equity instruments

A financial liability is a liability if:

① it has a contractual obligation to pay in cash or other financial assets to other parties.

② it has a contractual obligation to exchange financial assets or financial liabilities under potential adverse condition with other parties.

③ it is a non-derivative instrument contract which will or may be settled with the entity's own equity instruments, and the entity will deliver a variable number of its own equity instruments according to such contract.

④ it is a derivative instrument contract which will or may be settled with the entity's own equity instruments, except for a derivative instrument contract that exchanges a fixed amount of cash or other financial asset with a fixed number of its own equity instruments.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets, the contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company's own equity instruments, the Company's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

(4) Derivative financial instruments and embedded derivative instruments

The Company's derivative financial instruments are initially measured at the fair value of the date a derivative contract entered into and subsequently measured at their fair value. Derivative financial instruments of positive fair value are recognized as assets; those of negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value which do not meet the requirements of hedge accounting are directly recognized to profit or loss for the current period.

For hybrid instrument with embedded derivative, where financial assets or liabilities not designated as fair value through profit or loss, the economic features and risks of the embedded derivative are not closely related to that of the host contract, and a similar instrument with the same terms as the embedded derivative would meet the definition of a derivative, then embedded derivative is separated from hybrid instrument and accounted for as a derivative. If embedded derivative is unable to measure separately either at acquisition or subsequently at balance sheet date, hybrid instrument as a whole is designated as financial assets or liabilities at fair value through profit or loss.

(5) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities refers to Note III.11.

(6) Impairment of financial assets

The Company makes provision for impairment based on expected credit losses (ECLs) on the following items:

- Financial assets at amortized cost;
- Receivables and debt investments measured at fair value through other comprehensive income;

Measurement of ECLs

ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Company takes into account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Company measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Company makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk, including renewal options.

For the financial instruments at the first and second stages and with low credit risks, the Company calculates the interest income based on the book balance and the effective interest rate before deducting the impairment provisions. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For notes receivable, accounts receivable and contract assets, regardless of whether there is a significant financing component, the Company always makes provision for impairment at an amount equal to lifetime ECLs.

When the Company is unable to assess the information of ECLs for an individual financial asset at a reasonable cost, it classifies bills receivable and accounts receivable into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Notes receivable

- Notes receivable portfolio 1: Bank acceptance bills
- Notes receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

- Accounts receivable portfolio 1: Receivables from related parties within the scope of consolidation
- Accounts receivable portfolio 2: Receivables from external customers

C. Contract assets

- Contract assets portfolio 1: Sale of products

For notes receivable and contract assets classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.

For accounts receivable classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to compile a matrix of accounts receivable aging / overdue days and expected credit loss rate for the lifetime and calculate the ECLs.

Other receivables

The Company classifies other receivables into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

- Other receivables portfolio 1: Receivables from related parties within the scope of consolidation
- Other receivables portfolio 2: Receivables from employees
- Other receivables portfolio 3: Security deposits or deposits
- Other receivables portfolio 4: Other receivables

For other receivables divided into portfolio, the Company calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the lifetime.

Long-term receivables

Long-term receivables include financing lease receivables.

The Company classifies long-term receivables into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Financing lease receivables

- Financing lease payment portfolio 1: Receivables from related parties within the scope of consolidation
- Financing lease payment portfolio 2: Receivables from external customers

For financing lease receivables classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, and expected credit loss rate for the lifetime and calculate the ECLs.

Debt investment and other debt investment

For debt investments and other debt investments, the Company calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the entire lifetime, based on the nature of the investment and various types of counterparties and risk exposures.

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly upon initial recognition, the Company compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly upon initial recognition, the Company considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Company includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;

- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) ;
- An actual or expected significant deterioration in the operating results of the debtor;
- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the Company assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

Credit-impaired financial assets

At balance sheet date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Company having granted to the debtor a concession that would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment is deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full) . Such write-off constitutes derecognition of such financial asset. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is later recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(7) Transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. If substantially all the risks and rewards of ownership of the financial asset is retained, the financial asset is not derecognized.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognized.

(8) Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognised financial assets and financial liabilities, which are enforceable currently, and the Company plans to realize the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

11. Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market or, in the absence of a principal market, the most advantageous market. Principal market (or most advantageous market) is the market that the Company can normally enter into a transaction on measurement date. The Company adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets as their fair value. If there is no active market, the Company uses valuation technique to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. If the observable inputs are not available or impractical, then unobservable inputs are used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

At the balance sheet date, the Company revalues assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.

12. Inventories

(1) Classification of inventories

Inventories include raw materials, finished goods, reusable materials, semi-finished goods, issuing goods, work-in-progress, subcontracting materials and development costs.

(2) Method for calculating value of inventories

Inventories are measured at the actual cost on acquisition. Raw materials and finished goods are calculated in weighted average cost method.

(3) Recognition of the net realizable value and provision for decline in value of inventories

Net realizable value is the estimated selling price less estimated costs to be incurred upon completion, estimated selling expenses and related taxes. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

At balance sheet date, when the cost of inventory exceeds its net realizable value, provision for decline in value of inventories is recognized. The Company usually recognizes provision for decline in value of inventories by a single inventory item. When the factors causing the inventory impairment no longer exist, the provision for decline in value of inventories previously made is reversed.

(4) Inventory system

The Company adopts perpetual inventory system.

(5) Amortization methods of low-value consumables

Reusable packaging materials are amortized by number of usage and recognized as cost.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence.

(1) Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the combining party's share of the carrying amount of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition.

Long-term equity investment acquired other than through a business combination: For a long-term equity investment acquired by cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method, unless it qualifies as held-for-sale. An investment in a joint venture or an associate is accounted for using the equity method.

For long-term equity investment which is accounted for using the cost method, investment income is recognized in profit or loss for the current period as the cash dividend or profit announced and distributed, except for those cash dividend or profit which have already included in the actual payment or consideration of offer when the investment was made.

For long-term equity investment which is accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Company's interest in the fair values of the investee's identifiable net assets, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Company's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the carrying amount of the long-term equity investment is adjusted accordingly.

Under the equity method, the Company recognizes its share of the investee's net profit or losses and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Company. The Company's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is recognized in the capital reserve (other capital reserve) , and the carrying amount of the long-term equity investment is adjusted accordingly. The Company recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Company.

The unrealized profit or loss from internal transactions entered into between the Company and its associate or joint venture is offset according to the shareholding percentage held by the Company and the remaining portion is recognized as investment income or loss. However, the unrealized loss from internal transactions entered into between the Company and its investee is not offset if it belongs to impairment loss from assets transferred.

(3) Basis for determination of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In assessing whether joint control of an arrangement exists, the Company firstly assesses whether all the parties or a group of the parties control the arrangement collectively. When all the parties or a group of the parties must act together unanimously in directing the relevant activities, then all the parties or a group of the parties are regarded as having joint control of an arrangement. Then assess whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. Protective rights of any party are not considered when determining joint control.

Significant influence 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. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible shall be considered.

When the Company, directly or indirectly through subsidiaries, owns more than 20% (20% inclusive) but less than 50% of the voting shares of the investee, the Company has significant influence on the investee unless there is clear evidence to show that the Company cannot participate in the business and operation decisions of the investee, and accordingly cannot exercise any significant influence. When the Company owns less than 20% of the voting shares of the investee, the Company has no significant influence on the investee unless there is clear evidence to show that the Company can participate in the business and operation decisions of the investee, and accordingly can exercise a significant influence.

(4) Method of impairment testing and impairment provision

For investment of subsidiaries, associates and joint ventures, refer to Note III. 18 for the Company's method of asset impairment.

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

Fixed assets are only recognized when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Depreciation methods

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual rates and annual depreciation rates of each class of fixed assets are as follows:

Category	**Useful life (year)**	**Residual value rate %**	**Annual depreciation rate %**
Plant & buildings	20.00	0.00-5.00	5.00-4.75
Machinery & equipment	3-10	0.00-5.00	33.00-9.50
Electronic equipment	3-10	0.00-5.00	33.00-9.50

Category	Useful life (year)	Residual value rate %	Annual depreciation rate %
Motor vehicles	3-10	0.00-5.00	33-9.50
Other equipment	3-10	0.00	33.33-10.00

Including:

A. For fixed assets that have been provided for impairment, the depreciation should be calculated after the deduction of cumulative amount of the provision for impairment.

B. For the newly purchased instruments and equipment specially used for research and development, the fixed assets with amount less than RMB1 million will be included in the expenses for the current year.

(3) Impairment testing and the impairment provision of fixed assets refers to Note III. 18.

(4) The Company reviews the useful life, estimated net residual value and the depreciation method of fixed assets at the end of each financial year

Useful lives of fixed assets are adjusted if they are different with the initial estimates. Estimated net residual values are adjusted if they are different with the initial estimates.

(5) Overhaul costs

The overhaul costs incurred in regular inspection of fixed assets are capitalized as cost of fixed assets if there is clear evidence that it meets the recognition criteria of fixed assets. It is recognized in profit or loss for the current period if it does not meet the recognition criteria of fixed assets. Depreciation continues during the period of regular overhaul.

15. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use and other related expenses during the construction period.

Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

Provision for impairment of construction in progress refers to note III. 18.

16. Intangible assets

The Company's intangible assets include land use rights, trademark, domain name, proprietary technology, licensed technology and software.

Intangible asset is initially measured at cost and its useful life is determined on acquisition. An intangible asset with a finite useful life is amortized by a method which can reflect the expected realization of economic benefits related to the asset since the intangible asset is available for use. When the expected realization of economic benefits cannot be reliably determined, intangible asset is amortized under straight-line method. An intangible asset with an indefinite useful life is not amortized.

Amortization methods of intangible assets with finite useful life are shown as follows:

Category	Useful life	Amortization method	Note
Land use rights	Validity period of land use rights	Straight line method	No residual value
Proprietary technology	Less than 10 years	Straight line method	No residual value
Licensed technology	10 years	Straight line method	No residual value
Software	Less than 5 years	Straight line method	No residual value

The Company reviews the finite useful life of an intangible asset and the amortization method at the end of each financial year. Any change is accounted for as a change in accounting estimate.

If an intangible asset is expected no longer in generating future economic benefits to the Company at the balance sheet date, the carrying amount of the asset is charged to profit or loss for the current period.

Impairment method of intangible assets refers to Note III. 18.

17. Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recorded in profit or loss when incurred.

Expenditure on the development phase is capitalized only when the Company can satisfy all of the following conditions: it is technical feasible that the intangible asset can be used or sold upon completion; there is intention to complete the intangible asset for use or sale; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; the expenses attributable to the development stage of the intangible asset can be measured reliably. Expenditure on the development phase is recorded in profit or loss for the current period if the above conditions are not met.

Research and development projects of the Company will enter into the development phase when they meet the above conditions and pass the technical feasibility and economic feasibility studies and necessary approval of the project.

Capitalized expenditure on the development phase is presented as “development costs” in the balance sheet and is transferred to intangible assets when the project is completed to its intended use.

18. Impairment of assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, fixed assets, construction in progress, intangible assets and goodwill are determined as follows:

At each balance sheet date, the Company determines whether there may be indication of impairment of the assets, if there is any, the Company will estimate the recoverable amount of the asset, and perform test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The recoverable amount of asset is estimated on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Company reduces its carrying amount to its recoverable amount, the reduced amount is recorded in profit or loss for the current period and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is conducted impairment test by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

19. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized evenly over the expected benefit period. For the long-term deferred expense that cannot benefit in future accounting period, their amortized value is recognized in profit or loss for the current period.

20. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented as "Employee benefits payable" and "Long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the accounting period in which employees have rendered services, the Company recognized the employee wages, bonus, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and charged to profit or loss for the current period or cost of relevant assets. If the liability is not expected to be settled wholly in twelve months after the balance sheet date, and the amount is significant, the liability is measured at the discounted amount.

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which a corporate pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(4) Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefits liability and charged to profit or loss for the current period at the earlier of the following dates: the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and when the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

21. Provisions

A provision is recognized as a liability when an obligation related to a contingency satisfied all of the following conditions:

(1) The obligation is a present obligation of the Company;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If all or part of the expenses necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying value of the provision.

The Company's provisions are mainly the accrual of expenditure in after-sales comprehensive service and sales rebates.

Expenditure in after-sales comprehensive service: At present, the sales contract of the power battery system and energy storage system signed between the Company and the customer are having a warranty clause. During the promised period of after-sales service by the Company, no matter how the market price index changes, the Company needs to bear the responsibility for the maintenance of the products sold. The Company recognizes the provisions based on the best estimate of the maximum loss that may occur.

Sales rebates: The Company signed contracts with some customers with a term of sales rebate. The Company recognises the provisions according to the rebate clauses stipulated in the contracts.

22. Share-based payment

(1) Types of share-based payment

The share-based payment of the Company is equity-settled share-based payment.

(2) Determination of fair value of equity instruments

The Company determines the fair value of the granted equity instruments and other equity instruments that exist in an active market according to the quotation in the active market. For equity instruments such as options granted without active markets, the option pricing model is used to determine their fair value.

(3) Basis for the best estimate of vested equity instruments

At each balance sheet date of the vesting period, the Company revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible employees and other subsequent information. On vesting date, the number of expected vested equity instruments should be agreed with the actual number vested.

(4) Accounting treatment for implementation, modification, and termination of share-based payment

Equity-settled share-based payments are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Company at each balance sheet date. No subsequent adjustment is made on the recognized relevant cost and expenses and owners' equity after the vesting date.

Where the terms of an equity-settled share-based payment are modified, if the modification increases the fair value of the equity instruments granted, the incremental fair value is recognized as additional service obtained; if the modification increases the number of equity instruments granted, the incremental fair value is recognized as additional service received. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument both estimated as at the date of modification. If the modification of terms and conditions of share-based payment arrangement reduces the total fair value of the share-based payment or is not otherwise beneficial to the employee, the Company nevertheless continue to account for the services received as if that modification had not occurred, other than the Company cancels of some or all the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) , the Company accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized over the remainder of the vesting period and the capital reserve is credited accordingly. When employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, the Company deems the granted equity instruments are cancelled.

23. Revenue

(1) General principle

The Company recognises revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Company performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point of time:

① when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract;

② when the customer is able to control the goods in progress in the course of performance by the Company under the contract;

③ when the goods produced by the Company under the contract are irreplaceable and the Company has the right to payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Company recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligation performed at a point of time, the Company recognises revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indications:

① the Company has the current right to receive payment for the goods, which is when the customer has the current payment obligations for the goods;

② the Company has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods;

③ the Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods;

④ the Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtain all of the substantial risks and rewards of ownership of the goods to the customer;

⑤ the customer has accepted the goods;

⑥ other information indicates that the customer has obtained control of the goods.

The Company's right to consideration in exchange for goods or services that the Company has transferred to customers (and such right depends on factors other than passage of time) is accounted for as contract assets, and contract assets are subject to impairment based on ECLs (refer to Note III.10(5)). The Company's unconditional right to receive consideration from customers (only depends on passage of time) is accounted for as accounts receivable. The Company's obligation to transfer goods or services to customers for which the Company has received or should receive consideration from customers is accounted for as contract liabilities.

Contract assets and contract liabilities under the same contract are presented on a net basis. Where the net amount has a debit balance, it is presented in "contract assets" or "other non-current assets" according to its liquidity. Where the net amount has a credit balance, it is presented in "contract liabilities" or "other non-current liabilities" according to its liquidity.

(2) Specific revenue recognition method

Revenue is recognised when the goods are shipped or services provided to the customer and the customer accepted and signed on the receipts form.

24. Contract costs

Contract costs consist of incremental costs of obtaining a contract and contract fulfillment costs.

Incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if those costs are expected to be recoverable. Other expenses incurred by the Company other than the incremental costs that are expected to be recovered in obtaining a contract are recognized in profit or loss for the current period when incurred.

The Company recognizes as an assets the costs incurred in fulfilling a contract with a customer if those costs are not within the scope of another Standard (for example, Inventories) and meet all of the following criteria:

① the costs relate directly to a contract or to an anticipated contract, including direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;

② the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and

③the costs are expected to be recovered.

Assets recognised on incremental costs of obtaining a contract and contract fulfillment costs (hereinafter refer as "Contract assets") are amortized on a systematic basis that is consistent to the revenue recognition of the related goods or services, and are charged to profit or loss for the current period.

The Company recognises provision for impairment of assets when the carrying amount of contract asset is higher than the difference between the following two items:

① the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;

② costs anticipated to be incurred for the transfer of goods or services.

As determined at contract inception, contract fulfilment costs that is recognised as an asset is presented as "inventories" if the amortization period is not more than one year or one operating cycle, or is presented as "other non-current assets" if the amortization period is more than 1 year or one operating cycle.

As determined at contract inception, incremental costs of obtaining a contract that is recognised as an asset is presented as "other current assets" if the amortization period is not more than one year or one operating cycle, or is presented as "other non-current assets" if the amortization period is more than 1 year or one operating cycle.

25. Government grants

Government grant is recognized when prescribed conditions are satisfied and the grant will be received.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

A government grant related to an asset is a grant obtained by the Company for purchase, construction or formation of long-term assets. The grant not related to an asset is classified as government grant related to income.

For government grant with unspecified purpose, the amount of grant used to form a long-term asset or related to an asset is regarded as government grant related to an asset, the remaining amount of grant is regarded as government grant related to income. If it is not possible to distinguish, the amount of grant is treated as government grant related to income.

A government grant related to an asset is either deducted the carrying amount of the asset, or recognized as deferred income and amortized to profit or loss over the useful life of the related asset on a reasonable and systematic basis. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related expenses or losses are recognized. Government grants measured at nominal amounts are directly recognized in profit or loss for the period. The Company adopts same treatment for those transactions of similar government grants.

Government grants relating to daily activities, according to the substance of business transaction, it is either recorded as other income or deduction of related expenditure. If it is not relating to daily activities, it is recorded as non-operating income.

Repayment of a government grant related to an asset, that initially deducted the carrying amount of the asset, is recognized by increasing the carrying amount of the asset; if there exists of the related deferred income balance, then the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period. Repayment of a government grant related to other situation, it is directly charged to profit or loss for the current period.

26. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to transactions or items recognized directly in equity and goodwill arising from a business combination.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Company reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

27. Operating leases and financing leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

(1) The Company as the lessor

In finance leases, at the commencement of the lease, the Company recognizes the sum of minimum lease receipt amount and initial direct costs as the recognized amount of finance leases receivable and also recognized the unguaranteed residual value. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognized as unearned finance income. Unrealized finance income is allocated over the lease period by effective interest method and finance income is recognized in profit or loss for the current period.

Income derived from operating leases is recognized in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2) The Company as leasee

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses for the current period on a straight-line method over the lease term. Initial direct costs are directly charged in profit or loss for the current period.

28. Repurchase of shares

The Company's repurchased shares are managed as treasury stocks before cancellation or transfer, all expenditures of repurchased shares are transferred to the cost of treasury stocks. The consideration paid and transaction costs of repurchased shares reduce the owner's equity, gains or losses is not recognized when repurchasing, transferring or canceling the shares of the Company.

On transfer of treasury stocks, the difference between the amount actually received and the carrying amount of treasury stocks is recorded in capital reserve. If capital reserve is insufficient for deduction, then the excess is deducting the surplus reserves and undistributed profits. On retirement of treasury stocks, share capital is reduced by the par value of shares and number of shares canceled, the difference between the carrying amount of canceled treasury stocks and their par value is recorded in capital reserve. If the capital reserve is insufficient for deduction, then the excess is deducting the surplus reserves and undistributed profits.

29. Restricted shares

The Company grants restricted shares to participants in share incentive scheme and the participants subscribes the shares. If vesting conditions in share incentive scheme are not achieved subsequently, the Company repurchases the shares based on the pre-determined price. The restricted shares that issued to employees are registered as new shares according to relevant provisions. The subscription price received by the Company is recognized as paid-in capital and capital reserve (share premium) and the obligation of shares repurchase is recognized as treasury shares and other payable.

30. Hedge accounting

When initially specifying the hedging relationship, the Company officially designated the hedging instrument and the hedged item, and there are formal written documents to record the hedging relationship, risk management strategy and risk management objectives. The content record includes the hedging tools, the hedged items, nature of the hedged risk and method of hedge effectiveness evaluation.

The Company continuously evaluates the effectiveness of hedging, and judges whether the hedging meets the effectiveness requirements of using hedging accounting within the accounting period specified by the hedging relationship. If it is not satisfied, the hedging relationship is terminated. The use of hedging accounting should meet the following requirements for the effectiveness of hedging:

① There is an economic relationship between hedged items and hedging instruments.

② Among the changes in value caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.

③ The hedging ratio of the hedging relationship should be equal to the ratio of the actual number of hedged items of the enterprise to the actual number of hedging instruments, but it should not reflect the imbalance of the relative weight of the hedged item and the hedging instrument. This imbalance will lead to invalid hedges and may produce accounting results that are inconsistent with the hedge accounting objectives.

If one of the following situations occurs in the Company, the use of hedge accounting will be terminated:
① Due to changes in risk management objectives, the hedging relationship no longer meets the risk management objectives.

② The hedging instrument has expired, is sold, the contract is terminated or has been exercised.

③ There is no longer an economic relationship between the hedged item and the hedging instrument, or in the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk begins to dominate.

④The hedging relationship no longer satisfies other conditions for using hedging accounting methods.

Cash flow hedge

Cash flow hedging refers to hedging of cash flow change risk. The change in cash flow originates from the specific risks related to the recognised assets or liabilities, the expected transactions that are likely to occur, or the above-mentioned project components, and will affect the profit and loss of the Company.

The profit or loss generated by the hedging instrument belongs to the effective part of the hedging, which is included in other comprehensive income as a cash flow hedge reserve. The portion that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income) is included in the profit or loss for the current period.

For cash flow hedging, the hedged item is an expected transaction, and the expected transaction causes the company to subsequently confirm a non-financial asset or non-financial liability, or when the expected transaction of non-financial assets or non-financial liabilities forms a certain commitment applicable to fair value hedge accounting, the Company transfers out the cash flow hedge reserve amount originally recognized in other comprehensive income, and recorded in the initial recognition amount of the asset or liability.

For cash flow hedges that are not in the above situation, the Company transfers out the cash flow hedge reserve amount originally recognized in other comprehensive income in the same period in which the expected cash flow of the hedge affects the profit or loss, and is included in the profit or loss for the current period.

If the amount of cash flow hedge reserve recognized in other comprehensive income is a loss, and all or part of the loss is expected to be irreparable in the future accounting period, the Company will estimate the irreparable, then transfers the expected irreparable part out of other comprehensive income and include it in the profit or loss for the current period.

When the Company terminates the use of hedging accounting for cash flow hedges, if the hedged future cash flow is expected to occur, the accumulated cash flow hedge reserve amount recognized in other comprehensive income will be retained until the expected transaction actually occurs At the time, the accounting policy of the above cash flow hedging will be followed. If the hedged future cash flow is expected to no longer occur, the amount of accumulated cash flow hedge reserve recognized in other comprehensive income is transferred out of other comprehensive income and included in the profit or loss for the current period. The hedged future cash flow expectations are no longer very likely to occur but may still be expected to occur. In the case where the expected still occurs, the accumulated cash flow hedge reserve amount is retained until the expected transaction actually occurs, and then the above cash flow hedge accounting policy treatment.

31. Changes in accounting policies and accounting estimates

(1) Changes in accounting policies

① New Revenue Standard

In 2017, the Ministry of Finance have issued “the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised)” (hereinafter referred to as the “New Revenue Standard”). In the fourteenth meeting of second session of the Board of Directors, it approved the adoption of the new standard since 1 January 2020, and adjusted the relevant contents of accounting policies.

The Company recognizes revenue when the contract performance obligations have been fulfilled, that is the customer has gained control of the relevant goods and services. When certain condition is met, the Company shall be obliged to fulfil its performance obligations within a certain period, otherwise, it shall be obliged to fulfil its performance obligations at a certain point. If two or more performance obligations are included in the contract, the Company shall, on the commencement date of the contract, apportion the transaction price to the individual performance obligations according to the relative proportion of the individual selling prices of the commodities or services promised by the individual performance obligations, and measure the income according to the transaction price apportioned to the individual performance obligations.

The Company adjusted the relevant accounting policies in accordance with the specific requirements of the new revenue standard on specific matters or transactions.

The right to receive consideration for transferring goods to the customer, which depends on factors other than the passage of time, shall be presented as contract assets. The obligation to transfer goods to the customer after consideration received or receivable shall be presented as contract liabilities.

The Company has recognised the cumulative effect of initial application as an adjustment to the opening balance of undistributed profits and the amount of other relevant items in the financial statements at the beginning of 2020, and comparative information in the financial statements has not been restated. The Company only adjusted the undistributed profits of the Company at the beginning of 2020 and other related items in the financial statements for the cumulative impact of contracts that have not been completed on 1 January 2020.

Contents of accounting policy and causes	Affected items on the statement	Affected amount 1 January 2020
In accordance with the new revenue standards, the Company reclassified advances from customers related to the sales of goods and rendering of services into contract liabilities; and included the costs related to contract performance into inventories.	Advances from customers	-6,161,443,242.83
	Contract liabilities	5,546,431,343.06
	Other current liabilities	615,011,899.77
	Inventories	27,245,511.50
	Undistributed profits	26,645,789.66
	Minority interests	599,721.84

Compared with the Original Revenue Standard, the impact of the application of the New Revenue Standard on the related items of the financial statements as at 31 December 2020 is as follows:

Affected items on the balance sheet	Affected amount 2020.12.31
Accounts receivable	-50,658,035.02
Other receivables	-24,610,989.74
Inventories	42,438,543.58
Contract assets	75,269,024.76
Contract liabilities	6,875,227,795.16
Advances from customers	-7,635,236,794.74
Other current liabilities	760,008,999.58
Undistributed profits	41,568,536.62
Minority interests	870,006.96

Affected items on the income statement	Affected amount Year ended 2020.12.31
Operating income	404,509,564.78
Operating cost	-419,702,596.86
Net profit	15,193,032.08
Including: Equity attributable to shareholders of parent	14,922,746.97
Minority interests	270,285.11

② Accounting Standards for Business Enterprises Interpretation No. 13

In December 2019, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 13 (Cai Kuai [2019] No. 21) (hereinafter referred to as the "Interpretation No. 13").

The Interpretation No. 13 modified the three factors constituting a business, specified the determining conditions for businesses, and introduced "concentration test" for purchasers in business combinations under common control when determining whether the operating activities or asset portfolio acquired constitutes a business.

The Interpretation No. 13 clarified that the related parties of an enterprise include the associates and joint ventures of other common member units, including parent companies and subsidiaries, of the group, as well as the associates and joint ventures of investors in joint control of the enterprise.

The Interpretation No. 13 came into effect on 1 January 2020. The Company has applied the prospective application method for the accounting treatment of the above change in accounting policies.

The application of Interpretation No. 13 did not have any material effect on the financial position, operating results or related party disclosure of the Company.

(2) Changes in accounting estimates

There is no significant change of accounting estimates during the reporting period.

(3) Adjustment of related items of the financial statements at the beginning of the year of first time adoption according to the new revenue standard

Consolidated balance sheet

Item	**2019.12.31**	**2020.01.01**	**Adjustment**
Current assets:			
Inventories	11,480,549,879.88	11,507,795,391.38	27,245,511.50
Current liabilities:			
Advances from customers	6,161,443,242.83	——	-6,161,443,242.83
Contract liabilities	Not applicable	5,546,431,343.06	5,546,431,343.06
Other current liabilities	Not applicable	615,011,899.77	615,011,899.77
Shareholders' equity:			
Undistributed profits	13,652,965,292.41	13,679,611,082.07	26,645,789.66
Minority interests	4,052,891,263.24	4,053,490,985.08	599,721.84

Parent Company Balance Sheet

Item	2019.12.31	2020.01.01	Adjustment
Current assets:			
Inventories	7,543,150,992.11	7,569,086,197.85	25,935,205.74
Current liabilities:			
Advances from customers	5,427,553,025.48	——	-5,427,553,025.48
Contract liabilities	Not applicable	4,889,132,720.10	4,889,132,720.10
Other current liabilities	Not applicable	538,420,305.38	538,420,305.38
Shareholders' equity:			
Undistributed profits	12,414,990,451.91	12,440,925,657.65	25,935,205.74

VI. Taxation

1. Types of taxes and tax rate

Taxes	Tax Basis	Statutory Tax Rates %
Value added tax	Taxable income	13, 9 or 6
Urban maintenance and construction tax	Subject to turnover tax	7 or 5
Educational surcharge	On the bases of actual payments of business tax and value-added tax	3
Local educational surcharge	On the bases of actual payments of business tax and value-added tax	2
Enterprise income tax	Taxable profit	Note

Note: Except for the Company and the following subsidiaries, the applicable corporate income tax rate for all other taxable entities within the scope of consolidation is 25%.

Taxable entities	Enterprise income tax rate %
Qinghai Contemporary Amperex Technology Limited	15
Sichuan Contemporary Amperex Technology Co., Ltd.	15
Guangdong Brunp Recycling Technology Co., Ltd.	15
Hunan Brunp Recycling Technology Co., Ltd.	15
Hunan Brunp Vehicle Recycling Co., Ltd.	15
Longyan Sikang New Material Co., Ltd.	15
Jiangsu Contemporary Amperex Technology Limited	15
United Auto Battery Co., Ltd.	15
Brunp (China) Recycling Technology Co., Limited	8.25 or 16.5
HK Brunp Resource Recycling Technology co., Limited	8.25 or 16.5

Taxable entities	Enterprise income tax rate %
Hong Kong Brunp Contemporary Amperex Co., Ltd.	8.25 or 16.5
Contemporary Amperex Technology (Hong Kong) Limited	8.25 or 16.5
Contemporary Amperex Technology (Hong Kong) Mining Limited	8.25 or 16.5
CATL Mining Engineering Limited	8.25 or 16.5
CATL Mining No.1 Limited	8.25 or 16.5
CATL Mining No.2 Limited	8.25 or 16.5
Contemporary Amperex Technology GmbH	30.525
Contemporary Amperex Technology France	33.3
Contemporary Amperex Technology Canada Limited	26.9
Contemporary Amperex Technology (USA) , Inc.	21-41
CATL US INC	21-41
Contemporary Amperex Technology Kentucky, LLC	21-41
Contemporary Amperex Technology Japan KK	25-34.6
Contemporary Amperex Technology Luxembourg S. à r.l.	30.525
Contemporary Amperex Technology Thuringia GmbH	30.525

2. Tax incentives and approval documents

(1) The Company and several subsidiaries are recognized as high-tech enterprises. According to the relevant regulations of the "Enterprise Income Tax Law of the People's Republic of China" and "Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China" and other relevant regulations, the enterprise income tax enjoys a preferential rate 15% and the policies are detailed in the table below:

No.	Company name	Effective tax rate	Preferential period
1	The Company	15%	2020-2022
2	Guangdong Brunp Recycling Technology Co., Ltd.	15%	2019-2021
3	Hunan Brunp Recycling Technology Co., Ltd. (Note 1)	15%	2019-2021
4	Hunan Brunp Vehicle Recycling Co., Ltd.	15%	2019-2021
5	Longyan Sikang New Material Co., Ltd.	15%	2019-2021
6	Jiangsu Contemporary Amperex Technology Limited	15%	2019-2021
7	Ltd.	15%	2020-2022

Note: (1) According to Article 99 of the "Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China", the revenue generated in Hunan Brunp Recycling Technology Co., Ltd. ("Hunan Brunp"), a subsidiary of the Company, by using specified resources that is included in "Catalog for Resource Comprehensive Utilization Incentive of Enterprise Income Tax" as the main raw materials, and its taxable revenue is reduced to 90% of total revenue generated.

(2) According to relevant provisions "Notice on Collection of Consumption Tax on Batteries and Paints" (Caishui (2015) No. 16), the production and sale of lithium-ion batteries business of the Company and its subsidiary are exempted from consumption tax.

(3) Since July 1, 2015, Hunan Brunp, a subsidiary of the Company, has sold self-produced products of comprehensive utilization of resources and provided service of comprehensive utilization of resources in accordance with the relevant provisions of "Catalog of Resource Comprehensive Utilization Products and Services Value Added Tax Preferential Policy" issued by the State Administration of Taxation, the value-added-tax enjoys a levy and refund policy with a tax refund ratio of 30%.

(4) According to the “Notice of the State Administration of Taxation and the General Administration of Customs of the Ministry of Finance on Deepening the Implementation of the Western Development Strategy Relevant Tax Policy Issues” (Caishui [2011] No. 58), and announcement on the “Implementation of Income Tax Matters for the Catalogue of Encouraged Industries in the Western Region” (State Administration of Taxation Announcement No. 14 of 2015), the subsidiaries, Qinghai Contemporary and Sichuan Contemporary Amperex Technology Co., Ltd., enjoy a preferential policy of reduced corporate income tax rate at 15%.

According to the "Announcement on the Continuation of Corporate Income Tax Policies for the Development of the Western Region" (Announcement No. 23, 2020 of the Ministry of Finance), the preferential corporate income tax policies of subsidiaries, Qinghai Contemporary and Sichuan Contemporary, will continue until December 31, 2030.

Company name	**Effective tax rate**	**Preferential period**
Qinghai Contemporary Amperex Technology Limited	15%	January 2015 to December 2030
Sichuan Contemporary Amperex Technology Co., Ltd.	15%	January 2020 to December 2030

(5) According to Hong Kong’s newly revised tax regulations, for the tax year beginning after April 1, 2018, the profit tax rate for the first HKD 2 million profits is 8.25%, and part of the profits exceeding HKD 2 million is taxed at 16.5%.

V. Notes to the items of consolidated financial statements

1. Cash and bank balance

Item	2020.12.31	2019.12.31
Cash in hand	290,641.78	177,791.29
Bank balance	63,677,970,117.14	27,368,097,299.13
Deposits in financial institute	24.65	24.53
Other cash and bank	4,745,855,270.10	4,901,360,212.12
Total	**68,424,116,053.67**	**32,269,635,327.07**
Including: Total amount deposited overseas	717,496,195.09	97,745,382.95

Note: Cash and bank balances at year end that are not included as cash and cash equivalents in the cash flows statement include: security deposits of RMB 3,368.74 million, deposit certificates as pledge to bank borrowings of RMB 687.33 million, term deposits of RMB 656.69 million, and accrued interest on effective interest rate amounted to RMB279.38 million.

Except for the above-mentioned balances at year end, there is no other pledged or frozen money, or deposits abroad, or funds repatriation subjected to restriction.

2. Trading financial assets

Item	2020.12.31	2019.12.31
Trading financial assets	3,288,071,512.61	1,389,585,592.37
Including: Bank wealth management products and structured deposits	3,288,071,512.61	1,389,585,592.37

3. Derivative financial assets

Item	2020.12.31	2019.12.31
Hedging instrument	1,330,347,108.86	1,812,135,529.60

Note: During the reporting period, the Company carried out hedging transactions by using metal futures contracts and forward foreign exchange contracts as hedging instruments. The balance as at December 31, 2020 includes the security deposits and gain or loss from changes in fair value of outstanding metal contracts and forward foreign exchange settlement contracts, details refer to Note V. 63 Hedging.

4. Notes receivable

Category	2020.12.31 Book balance	2020.12.31 Provision for bad debts	2020.12.31 Carrying amount	2019.12.31 Book balance	2019.12.31 Provision for bad debts	2019.12.31 Carrying amount
Bank acceptance bills	9,777,009,101.78		9,777,009,101.78	9,649,949,692.85		9,649,949,692.85
Commercial acceptance bills	101,000,000.00	852,752.55	100,147,247.45			
Total	**9,878,009,101.78**	**852,752.55**	**9,877,156,349.23**	**9,649,949,692.85**		**9,649,949,692.85**

Note: Please refer to Note V.61 Ownership or using rights of assets subject to restriction for the notes receivable used for pledge or guarantee at the end of the period.

(1) Notes receivable that has been pledged as of 31/12/2020

Category	Pledged amount as at year end
Bank acceptance bills	130,741,229.52

Note: As at year end, the pledged notes receivable (Bank acceptance bills) in total of RMB 130,741,229.52 were used as pledge in issuing notes payable (Bank acceptance bills).

(2) Notes receivables that have been endorsed or discounted at the end of the period and have not yet expired as of 31/12/2020

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	2,820,298,187.82	
Commercial acceptance bills	145,017,534.48	
Total	**2,965,315,722.30**	

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings. Commercial acceptance bills are used to discount to a financial company associated with customer A. The financial company associated with customer A has waived the right to recourse the commercial bill. Credit risk and deferred payment risk are minimal, and the interest rate risk associated with the bill has been transferred to banks and financial company associated with customer A. Bank granted waiver of recourse on acceptance bills from Customer C was being discounted. Therefore, the Company determined that the major risks and rewards on the ownership of the bill have been transferred, and derecognized the bills.

5. Accounts receivable

(1) Accounts receivable by ageing

Ageing	2020.12.31	2019.12.31
Within 1 year	11,103,559,114.31	8,235,599,073.20
1 to 2 years	354,489,465.03	83,772,688.63
2 to 3 years	40,941,618.72	267,345,289.34
Over 3 years	223,460,144.72	13,149,437.00
Subtotal	**11,722,450,342.78**	**8,599,866,488.17**
Less: Provision for bad debts	428,926,619.90	261,330,842.82
Total	**11,293,523,722.88**	**8,338,535,645.35**

(2) Accounts receivable by bad debt provision method

Category	2020.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	160,840,618.40	1.37	160,840,618.40	100.00	
Assessed by portfolio for provision for bad debts	11,561,609,724.38	98.63	268,086,001.50	2.32	11,293,523,722.88
Including: Receivables from external customers	11,561,609,724.38	98.63	268,086,001.50	2.32	11,293,523,722.88
Total	**11,722,450,342.78**	**100.00**	**428,926,619.90**	**3.66**	**11,293,523,722.88**

(Continued)

Category	2019.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	193,239,360.21	2.25	153,527,329.30	79.45	39,712,030.91
Assessed by portfolio for provision for bad debts	8,406,627,127.96	97.75	107,803,513.52	1.28	8,298,823,614.44
Including: Receivables from external customers	8,406,627,127.96	97.75	107,803,513.52	1.28	8,298,823,614.44
Total	**8,599,866,488.17**	**100.00**	**261,330,842.82**	**3.04**	**8,338,535,645.35**

Individually assessed for provision for bad debts:

Name	2020.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	88,533,109.69	88,533,109.69	100.00	Expected not recoverable
Debtor 2	18,002,033.35	18,002,033.35	100.00	Expected not recoverable
Debtor 3	17,438,424.00	17,438,424.00	100.00	Expected not recoverable
Debtor 4	16,337,499.76	16,337,499.76	100.00	Expected not recoverable
Debtor 5	13,879,208.57	13,879,208.57	100.00	Expected not recoverable
Subtotal of others	6,650,343.03	6,650,343.03	100.00	Expected not recoverable
Total	**160,840,618.40**	**160,840,618.40**	**100.00**	

(Continued)

Name	2019.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	137,496,109.69	109,996,887.75	80.00	Difficult to recover in full
Debtor 2	18,002,033.35	9,001,016.68	50.00	Difficult to recover in full
Debtor 3	17,438,424.00	17,438,424.00	100.00	Litigation in progress, Expected not recoverable
Debtor 4	13,879,208.57	13,879,208.57	100.00	Expected not recoverable
Debtor 5	6,423,584.60	3,211,792.30	50.00	Difficult to recover in full
Total	**193,239,360.21**	**153,527,329.30**	**79.45**	

Provision for bad debts on portfolios:

Provision on portfolio basis: Receivables from external customers

Ageing	2020.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	11,103,559,114.31	85,786,541.97	0.77
1 to 2 years	337,925,206.84	62,373,782.26	18.46
2 to 3 years	6,821,992.47	6,624,949.87	97.11
Over 3 years	113,303,410.76	113,300,727.40	100.00
Total	**11,561,609,724.38**	**268,086,001.50**	**2.32**

(Continued)

Ageing	2019.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	8,235,599,073.20	27,916,345.73	0.34
1 to 2 years	49,653,062.38	4,216,398.68	8.49
2 to 3 years	108,225,555.38	62,521,332.11	57.77
Over 3 years	13,149,437.00	13,149,437.00	100.00
Total	**8,406,627,127.96**	**107,803,513.52**	**1.28**

(3) Additions, recoveries or reversals of provision for bad debts during the reporting period

	Provision for bad debts
2019.12.31	261,330,842.82
Provision for the year	189,059,555.14
Recovered or reversal in the year	21,463,778.06
Written-off for the year	
2020.12.31	428,926,619.90

Including: Significant amount of recovery or reversal of provision for bad debts as follows:

Entity	Reason of reversal	Collection method	Amount recovered or reversed
Customer B	Cash received through arbitration	Cash	21,463,778.06

(4) Accounts receivable due from the top five debtors as at 31/12/2020

Accounts receivable due from the top five debtors as at 31/12/2020 was totaling RMB 5,633,243,994.29, which accounted for 48.06% of total accounts receivable, and the corresponding provision for bad debts as at 31/12/2020 was totaling RMB 52,385,453.46.

6. Prepayments

(1) Prepayments by ageing

Ageing	2020.12.31		2019.12.31	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	837,144,324.93	83.96	533,673,113.73	99.17
1 to 2 years	159,974,305.32	16.04	4,489,980.69	0.83
Total	**997,118,630.25**	**100.00**	**538,163,094.42**	**100.00**

Note: As of December 31, 2020, prepayments aged more than one year are mainly prepayments to suppliers that have not been settled.

(2) Prepayments due from the top five debtors as at 31/12/2020

Prepayments due from the top five debtors as at 31/12/2020 was totaling RMB 606,204,483.17, which accounted for 60.80% of total prepayments.

7. Other receivables

① Other receivables by ageing

Ageing	2020.12.31	2019.12.31
Within 1 year	643,246,221.68	3,598,360,967.19
1 to 2 years	2,587,454,366.20	1,146,749,537.38
2 to 3 years	477,808,159.26	74,632,482.75
Over 3 years	19,441,994.01	9,534,689.48
Subtotal	**3,727,950,741.15**	**4,829,277,676.80**
Less: Provision for bad debts	423,993,928.00	260,711,928.00
Total	**3,303,956,813.15**	**4,568,565,748.80**

② Other receivables by category

Item	2020.12.31			2019.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Receivables from employees	316,436,903.31		316,436,903.31	80,469,334.60		80,469,334.60
Security deposits or deposits	2,794,849,280.11	20,464,400.00	2,774,384,880.11	3,297,990,921.63	21,368,400.00	3,276,622,521.63
Other receivables	616,664,557.73	403,529,528.00	213,135,029.73	1,450,817,420.57	239,343,528.00	1,211,473,892.57
Total	**3,727,950,741.15**	**423,993,928.00**	**3,303,956,813.15**	**4,829,277,676.80**	**260,711,928.00**	**4,568,565,748.80**

③ Information of provision for bad debts

A. Provision for bad debts as of December 31, 2020 are accrued according to the three-stage model as follows:

Stage	Book balance	Provision for bad debts	Carrying amount
First stage	3,273,956,813.15		3,273,956,813.15
Second stage			
Third stage	453,993,928.00	423,993,928.00	30,000,000.00
Total	**3,727,950,741.15**	**423,993,928.00**	**3,303,956,813.15**

As at 31/12/2020, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	316,436,903.31			316,436,903.31	
Security deposits or deposits	2,774,384,880.11			2,774,384,880.11	
Other receivables	183,135,029.73			183,135,029.73	
Total	**3,273,956,813.15**			**3,273,956,813.15**	

As at 31/12/2020, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	286,501,600.00	100.00	286,501,600.00		Expected not recoverable
Debtor 2	100,000,000.00	70.00	70,000,000.00	30,000,000.00	Expected not recoverable in full
Debtor 3	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Debtor 4	20,464,400.00	100.00	20,464,400.00		Expected not recoverable
Provision for bad debts on portfolio basis					
Receivable from others	31,128.00	100.00	31,128.00		Expected not recoverable
Total	**453,993,928.00**	**93.39**	**423,993,928.00**	**30,000,000.00**	

B. Provision for bad debts as of December 31, 2019 are accrued according to the three-stage model as follows:

Stage	Book balance	Provision for bad debts	Carrying amount
First stage	4,461,723,748.80		4,461,723,748.80
Second stage			
Third stage	367,553,928.00	260,711,928.00	106,842,000.00
Total	**4,829,277,676.80**	**260,711,928.00**	**4,568,565,748.80**

As at 31/12/2019, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	80,469,334.60			80,469,334.60	
Security deposits or deposits	3,276,622,521.63			3,276,622,521.63	
Other receivables	1,104,631,892.57			1,104,631,892.57	
Total	**4,461,723,748.80**			**4,461,723,748.80**	

As at 31/12/2019, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	299,157,600.00	64.29	192,315,600.00	106,842,000.00	Difficult to recover in full
Debtor 2	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Debtor 3	21,368,400.00	100.00	21,368,400.00		Expected not recoverable
Provision for bad debts on portfolio basis					
Receivable from others	31,128.00	100.00	31,128.00		Expected not recoverable
Total	**367,553,928.00**	**70.93**	**260,711,928.00**	**106,842,000.00**	

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the entire duration (no credit impairment occurred)	Third stage Expected credit loss for the entire duration (credit impairment has occurred)	Total
Balance at 1/1/2020			260,711,928.00	260,711,928.00
Changes of the balance at 1/1/2019 in the year				
-- transfer to second stage				
-- transfer to third stage				
-- transfer back to second stage				
-- transfer back to first stage				

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the entire duration (no credit impairment occurred)	Third stage Expected credit loss for the entire duration (credit impairment has occurred)	Total
Provision for the year			173,534,000.00	173,534,000.00
Reversal in the year				
Disposal in the year				
Written-off in the year				
Other changes			-10,252,000.00	-10,252,000.00
Balance at 31/12/2020			423,993,928.00	423,993,928.00

⑤ Other receivables due from the top five debtors as at 31/12/2020

Entity	Nature	Other receivables as at 31/12/2020	Ageing	Proportion to total other receivables (%)	Provision for bad debts as at 31/12/2020
Debtor 1	Security deposits or deposits	2,135,457,882.24	Within 1 year; 1 to 2 years	57.28	
Debtor 2	Other receivables	286,501,600.00	2 to 3 years	7.69	286,501,600.00
Debtor 3	Security deposits or deposits	204,218,000.00	1 to 2 years	5.48	
Debtor 4	Other receivables	165,937,074.20	1 to 2 years	4.45	
Debtor 5	Security deposits or deposits	143,466,375.03	Within 3 months	3.85	
Total		**2,935,580,931.47**		**78.75**	**286,501,600.00**

8. Inventories

(1) Inventories by category

Category	2020.12.31		
	Book balance	Provision for decline in value / impairment of contract performance costs	Carrying amount
Raw materials	2,571,208,479.12	325,053,986.47	2,246,154,492.65
Work in progress	351,534,940.31		351,534,940.31
Reusable materials	32,593,107.43	401,586.58	32,191,520.85
Finished goods	5,391,396,170.28	949,055,512.68	4,442,340,657.60
Issuing goods	3,780,177,987.17	105,277,362.89	3,674,900,624.28
Semi-finished goods	1,659,840,990.72	139,172,494.41	1,520,668,496.31
Subcontracting	421,913,031.69	46,938,847.38	374,974,184.31

Category	2020.12.31		
	Book balance	Provision for decline in value / impairment of contract performance costs	Carrying amount
materials			
Contract performance costs	581,876,034.08		581,876,034.08
Total	**14,790,540,740.80**	**1,565,899,790.41**	**13,224,640,950.39**

(Continued)

Category	2019.12.31		
	Book balance	Provision for decline in value	Carrying amount
Raw materials	3,060,509,668.72	487,187,950.04	2,573,321,718.68
Work in progress	194,421,862.12		194,421,862.12
Reusable materials	22,288,827.10	661,305.85	21,627,521.25
Finished goods	3,879,826,602.00	403,309,787.72	3,476,516,814.28
Issuing goods	4,143,310,887.60	83,390,988.92	4,059,919,898.68
Semi-finished goods	994,233,145.23	73,059,005.31	921,174,139.92
Subcontracting materials	237,733,131.30	4,165,206.35	233,567,924.95
Total	**12,532,324,124.07**	**1,051,774,244.19**	**11,480,549,879.88**

(2) Provision for decline in value of inventories

Item	2020.01.01	Increase		Decrease		2020.12.31
		Accrual	Other	Reversal or written-off	Other	
Raw materials	487,187,950.04			162,133,963.57		325,053,986.47
Reusable materials	661,305.85			259,719.27		401,586.58
Finished goods	403,309,787.72	548,784,805.27		3,039,080.31		949,055,512.68
Issuing goods	83,390,988.92	122,375,924.72		100,489,550.75		105,277,362.89
Semi-finished goods	73,059,005.31	66,113,489.10				139,172,494.41
Subcontracting materials	4,165,206.35	42,773,641.03				46,938,847.38
Total	**1,051,774,244.19**	**780,047,860.12**		**265,922,313.90**		**1,565,899,790.41**

Provision for decline in value of inventories (Continued)

Category	Specific basis for determining net realizable value	Reason of reversal or write-off of provision for decline in value
Raw materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Reusable materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Finished goods	Estimated selling price deducting estimated taxes	Reversal on sales
Issuing goods	Estimated selling price deducting estimated taxes	Reversal on sales
Semi-finished goods	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Subcontracting materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales

9. Contract assets

Item	2020.12.31	2020.01.01
Contract assets	75,909,939.54	
Less: Provision for impairment of contract assets	640,914.78	
Total	**75,269,024.76**	

Note: The reason for the significant change in the carrying amount of contract assets during the current period: A change in the timing of the right to contract consideration becoming an unconditional right.

(1) Provision for impairment of contract assets

Category	2020.12.31					2020.01.01				
	Book balance		Provision for impairment		Carrying amount	Book balance		Provision for impairment		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on portfolio basis										
Sale of goods	75,909,939.54	100.00	640,914.78	0.84	75,269,024.76					

Provision for bad debts on portfolio basis:

Provision on portfolio basis: Sale of goods

	2020.12.31			2020.01.01		
	Contract assets	Provision for bad debts	Expected credit loss rate (%)	Contract assets	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	75,909,939.54	640,914.78	0.84			

(2) Additions, recoveries or reversals of provision for bad debts

	Provision for impairment of contract assets
2019.12.31	
Adjustment of initial adoption of new revenue standard	
2020.01.01	
Provision for the year	640,914.78
2020.12.31 Provision for impairment	640,914.78

10. Non-current assets due within one year

Item	2020.12.31	2019.12.31
Long-term receivables due within one year	81,548,616.67	

11. Other current assets

Item	2020.12.31	2019.12.31
Input VAT	410,500,212.90	394,039,690.98
Input VAT pending for verification	544,510,281.16	852,271,495.02
Financial assets at amortized cost		400,496,072.60
Prepaid income tax	14,230,045.15	1,009,404.34
Total	**969,240,539.21**	**1,647,816,662.94**

12. Long-term receivables

(1) Long-term receivables by nature

Item	2020.12.31. Book balance	2020.12.31. Provision for bad debts	2020.12.31. Carrying amount	2019.12.31 Book balance	2019.12.31 Provision for bad debts	2019.12.31 Carrying amount	Range of discount rate
Financing lease payments	453,705,208.33		453,705,208.33				6.5%-10.10%
Including: Unrealized financing income	-73,294,617.23		-73,294,617.23				
Subtotal	**453,705,208.33**		**453,705,208.33**				
Less: Long-term receivables due within one year	81,548,616.67		81,548,616.67				
Total	**372,156,591.66**		**372,156,591.66**				

13. Long-term equity investment

Investee	2019.12.31	Movement in the year								2020.12.31	Provision for impairment as at 31/12/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
① Joint ventures											
Shenzhen Shengde New Energy Technology Co., Ltd.	13,755,084.98			-5,575,084.76		783,026.33		-8,963,026.55			8,963,026.55
State Grid Contemporary (Fujian) Energy Storage Development Co., Ltd.		16,000,000.00		-966,215.44						15,033,784.56	
Shanghai Kuaibu New Energy Technology Co., Ltd.		14,700,000.00		-163,566.98						14,536,433.02	
Subtotal	**13,755,084.98**	**30,700,000.00**		**-6,704,867.18**		**783,026.33**		**-8,963,026.55**		**29,570,217.58**	**8,963,026.55**
② Associates											
Beijing Pride Advanced Materials Limited	76,928,306.66			1,850,942.98						78,779,249.64	
SAIC-CATL EV Battery System Co.Ltd	170,063,098.15			9,701,533.91			-2,450,661.70			177,313,970.36	
National New Energy Vehicle Technology Innovation Center Limited	16,477,725.95			4,627,202.98		7,380,810.14				28,485,739.07	
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	26,400,000.00									26,400,000.00	
Nanjing Karui Innovation And Entrepreneurship Management Service Co., Ltd.	4,411,762.27			251,359.41						4,663,121.68	
Yibin Tianyi Lithium Industry Co., Ltd.	63,422,293.28	42,000,000.00		568,679.15						105,990,972.43	
Fujian Ningde Zhixiang infinite Technology Co.,Ltd	328,374,455.32	118,000,000.00		-20,449,362.92		29,397,976.75				455,323,069.15	
Fujian Contemporary Nebula Energy Technology Ltd.	19,314,018.33			-2,626,232.56		88,407.42				16,776,193.19	

Investee	2019.12.31	Movement in the year								2020.12.31	Provision for impairment as at 31/12/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
GAC-CATL EV Battery System Co.Ltd	46,583,569.20			-1,180,425.93						45,403,143.27	
Qujing Lintie Technology Co., Ltd.	38,648,053.41	48,000,000.00		-5,835,574.70						80,812,478.71	
Henan Yuexin Contemporary New Energy Technology Co., Ltd.		20,000,000.00		-5,973,048.58						14,026,951.42	
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.		9,800,000.00		-1,244,517.06						8,555,482.94	
Tianjin Binhai Industry Fund Management Co., Ltd.		20,000,000.00		300,287.38						20,300,287.38	
Wuhan Weineng Battery Assets Co., Ltd.		200,000,000.00		1,292,445.59						201,292,445.59	
Xinneng Yishite (Yangzhou) Technology Co., Ltd.		5,000,000.00		-95,988.52						4,904,011.48	
Fujian Yongfu Electric Power Design Co., Ltd.		190,373,866.05		-						190,373,866.05	
Fujian Hongda Contemporary New Energy Technology Co., Ltd.		7,800,000.00		-						7,800,000.00	
Changzhou Mengteng Intelligent Equipment Co., Ltd.		7,500,000.00		-						7,500,000.00	
Sino-French Life Insurance Co., Ltd.		900,000,000.00		-						900,000,000.00	
Chongqing Ant Consumer Finance Co., Ltd.		640,000,000.00		-						640,000,000.00	
Hubei GEM&BRUNP New Energy Materials Co.,Ltd.	15,618,628.78		-14,450,757.26	-1,167,871.52							
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	9,417,844.73			1,431,175.09						10,849,019.82	
NEWSTRIDETECHNOLOGYLIMITED		640,508,000.00		44,699,075.74				-	-19,496,821.72	665,710,254.02	

Investee	2019.12.31	Movement in the year								2020.12.31	Provision for impairment as at 31/12/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
PTQMBNEWENERGYMATERIALS		55,150,339.00		-1,104,059.57					-2,348,302.26	51,697,977.17	
Zhejiang Meiqingbang Engineering Service Co., Ltd.	29,870,754.06			-1,037,586.16					-	28,833,167.90	
VEINSTONEINVESTMENTLIMITED		61,602,477.38								61,602,477.38	
NEOLITHIUMCORP.		44,189,771.02								44,189,771.02	
Wuxi Langcun Investment Center (Limited Partnership)	5,458,261.55			-98,940.03						5,359,321.52	
VALMET AUTOMOTIVE OY	219,302,614.71			-14,964,566.64					-8,285,661.09	196,052,386.98	
PILBARA MINERALS LIMITED	255,566,128.89	42,803,689.75		-19,170,578.09					-10,547,517.24	268,651,723.31	
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	125,000,000.00			21,949,883.23			-1,765,869.00		1,438.91	145,185,453.14	
INCEPTIO GROUP LIMITED		277,308,250.00		-5,673,907.41					45,972.95	271,680,315.54	
NORTH AMERICAN LITHIUM INC											-305,039,104.28
NORTHAMERICANNICKELINC	75,840,227.24			-3,372,390.68				-49,999,999.99	-3,477,999.17	18,989,837.40	-43,552,133.33
Subtotal	**1,526,697,742.53**	**3,330,036,393.20**	**-14,450,757.26**	**2,677,535.09**		**36,867,194.31**	**-4,216,530.70**	**-49,999,999.99**	**-44,108,889.62**	**4,783,502,687.56**	**-348,591,237.61**
Total	**1,540,452,827.51**	**3,360,736,393.20**	**-14,450,757.26**	**-4,027,332.09**		**37,650,220.64**	**-4,216,530.70**	**-58,963,026.54**	**-44,108,889.62**	**4,813,072,905.14**	**-339,628,211.06**

Note: The increase or decrease in "other" during the current period is the impact of exchange rate changes on foreign investment.

14. Other equity instruments investment

Item	2020.12.31	2019.12.31
Guolian Automobile Battery Research Institute Co., Ltd.	41,000,000.00	41,000,000.00
Changjiang Chendao (Hubei) New Energy Industry Investment Partnership (Limited Partnership)	472,180,238.09	500,000,000.00
Sino-French Life Insurance Co., Ltd.		382,378,500.00
Hangzhou Pengcheng New Energy Technology Co., Ltd.	4,500,000.00	4,500,000.00
Guangdong Dongfang Precision Technology Co., Ltd.	218,039,825.92	484,500,000.00
Beiqi Blue Park New Energy Technology Co., Ltd.	175,515,870.15	118,225,222.80
HORIZON ROBOTICS	326,245,000.00	
Hangzhou Xinmai Semiconductor Technology Co., Ltd.	200,000,000.00	
Hunan Yuneng New Energy Battery Materials Co., Ltd.	200,000,000.00	
Guangdong Kaijin New Energy Technology Co., Ltd.	151,546,018.79	
Jiangsu Microguide Nano Technology Co., Ltd.	120,000,040.00	
Blue Park Smart (Beijing) Energy Technology Co., Ltd.	38,000,000.00	
Jiehuate Microelectronics (Hangzhou) Co., Ltd.	30,000,000.00	
Zhundian Investment Limited	20,000,000.00	
Total	**1,997,026,992.95**	**1,530,603,722.80**

Note: The above are the investment that the Company plans to hold for a long time for strategic purposes. The Company designates it as a financial asset measured at fair value through other comprehensive income.

Item	Cumulative loss
Guangdong Dongfang Precision Technology Co., Ltd.	49,279,790.08
Beiqi Blue Park New Energy Technology Co., Ltd.	42,310,059.43
Total	**91,589,849.51**

15. Fixed assets

Item	2020.12.31	2019.12.31
Fixed assets	19,621,648,443.02	17,417,348,593.44

(1) Fixed assets

① Information of fixed assets

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Electronic equipment	Other	Total
I. Original book value:						
1.2019.12.31	6,985,213,646.63	18,223,291,505.13	105,980,761.10	520,721,297.39	135,515,256.92	25,970,722,467.17
2.Increase	1,674,865,713.16	5,248,813,944.48	8,747,153.46	143,134,501.87	12,748,829.72	7,088,310,142.69
(1) Purchase		4,257,903.13	900,324.20	507,158.60	1,883,347.21	7,548,733.14
(2) Transfer to construction in progress	1,674,865,713.16	5,244,556,041.35	7,846,829.26	142,627,343.27	10,865,482.51	7,080,761,409.55
3.Decrease	1,741,699.36	1,015,477,282.80	66,583.19	7,809,974.33	1,437,329.68	1,026,532,869.36
(1) Disposal or scrapping	1,741,699.36	1,015,477,282.80	66,583.19	7,809,974.33	1,437,329.68	1,026,532,869.36
4.2020.12.31	8,658,337,660.43	22,456,628,166.81	114,661,331.37	656,045,824.93	146,826,756.96	32,032,499,740.50
II. Accumulated depreciation						
1.2019.12.31	583,524,136.65	7,285,410,693.72	23,575,866.79	213,487,334.56	58,014,102.96	8,164,012,134.68
2.Increase	384,784,143.63	4,019,018,241.27	29,479,685.55	116,061,847.91	27,453,876.14	4,576,797,794.50
(1) Accrual	384,784,143.63	4,019,018,241.27	29,479,685.55	116,061,847.91	27,453,876.14	4,576,797,794.50
3.Decrease	1,149,682.87	811,109,051.89		6,665,791.93	1,258,553.52	820,183,080.21
(1) Disposal or scrapping	1,149,682.87	811,109,051.89		6,665,791.93	1,258,553.52	820,183,080.21
4.2020.12.31	967,158,597.41	10,493,319,883.10	53,055,552.34	322,883,390.54	84,209,425.58	11,920,626,848.97
III. Provision for impairment						
1.2019.12.31		388,845,195.75		510,747.29	5,796.01	389,361,739.05
2.Increase		142,487,580.42		126,631.58		142,614,212.00
(1) Accrual		142,487,580.42		126,631.58		142,614,212.00
3.Decrease		41,711,542.89		39,959.65		41,751,502.54
(1) Disposal or scrapping		41,711,542.89		39,959.65		41,751,502.54
4.2020.12.31		489,621,233.28		597,419.22	5,796.01	490,224,448.51
IV. Carrying amount						
1. Carrying amount as at 31/12/2020	7,691,179,063.02	11,473,687,050.43	61,605,779.03	332,565,015.17	62,611,535.37	19,621,648,443.02
2. Carrying amount as at 31/12/2019	6,401,689,509.98	10,549,035,615.66	82,404,894.31	306,723,215.54	77,495,357.95	17,417,348,593.44

Note: Certain fixed assets were pledged or guaranteed for borrowings, details refer to Note V.61.

② Fixed assets without property right registration

Item	Carrying amount	Reason of no property right registration
Guangdong Brunp Sanshui Park Buildings	61,267,725.13	Application in process
Hunan Brunp Park Buildings	300,902,808.92	Certain buildings application in process
CATL-FAW Park Buildings	191,056,686.19	Application in process

Item	Carrying amount	Reason of no property right registration
CATL-SAIC Park Buildings	563,210,054.12	Application in process
Jiangsu CATL-SAIC Park Buildings	1,297,610,928.64	Application in process
Ningde Contemporary Lake East Park Buildings	389,858,822.16	Certain buildings application in process
Ningde Contemporary Lake West Park Buildings	1,548,249,645.80	Certain buildings application in process
Pingnan Contemporary Pingnan Park Buildings	150,436,449.86	Application in process
Qinghai Contemporary Park Buildings	22,256,276.33	Certain buildings application in process
Total	**4,524,849,397.15**	

16. Construction in progress

(1) Information of construction in progress

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Ningde Contemporary Huxi Lithium-ion Power Battery Production Base Project	245,657,951.58		245,657,951.58	462,728,273.00		462,728,273.00
Ningde Contemporary Huxi Li-ion Battery Expansion Project	1,584,064,885.63		1,584,064,885.63	5,315,727.37		5,315,727.37
Technical transformation project	318,253,725.93		318,253,725.93	629,525,255.71		629,525,255.71
Jiangsu Contemporary Liyang Park Project Phase III	738,702,476.45		738,702,476.45	208,779,141.16		208,779,141.16
Jiangsu Contemporary Liyang Park Project Phase I & II	53,502,409.58		53,502,409.58	20,339,285.74		20,339,285.74
Pingnan Contemporary Project	229,229,450.93		229,229,450.93	157,799,580.03		157,799,580.03
Guangdong Brunp Sanshui Park Project	13,513,733.84		13,513,733.84	13,244,052.87		13,244,052.87
Hunan Brunp Phase V Project	164,386,628.82		164,386,628.82	282,530,584.10		282,530,584.10
CATL-SAIC Power Battery Project	14,205,302.31		14,205,302.31	19,954,386.33		19,954,386.33
CATL-FAW Power Battery Project	64,414,209.66		64,414,209.66	22,140,987.46		22,140,987.46
CATL-GAC Power Battery Project	209,431,752.41		209,431,752.41	59,766,867.81		59,766,867.81
Sichuan Contemporary Power Battery Project Phase I	560,852,041.76		560,852,041.76	61,057,186.78		61,057,186.78
Sichuan Contemporary Power Battery Project	38,304,047.17		38,304,047.17			

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Phase II						
European production research and development base project	799,962,411.62		799,962,411.62	32,449,467.37		32,449,467.37
Contemporary Sikang Project	147,857,732.39		147,857,732.39	11,182,249.82		11,182,249.82
Sundry projects	512,905,556.63		512,905,556.63	9,711,732.46		9,711,732.46
Contemporary Kstar Xiapu Project	55,107,503.66		55,107,503.66			
Total	**5,750,351,820.37**		**5,750,351,820.37**	**1,996,524,778.01**		**1,996,524,778.01**

Note: Certain construction in progress were pledged or guaranteed for borrowings, details refer to Note V.61.

(2) Movement of significant construction in progress

Project	2019.12.31	Increase	Transfer to fixed assets / intangible assets / long-term deferred expenses	Other decrease
Ningde Contemporary Huxi Lithium-ion Power Battery Production Base Project	462,728,273.00	1,720,876,853.79	1,937,947,175.21	
Ningde Contemporary Huxi Li-ion Battery Expansion Project	5,315,727.37	2,054,170,313.44	475,421,155.18	
Jiangsu Contemporary Liyang Park Project Phase III	208,779,141.16	1,872,253,844.52	1,342,330,509.23	
Hunan Brunp Phase V Project	282,530,584.10	558,892,865.32	677,036,820.60	
CATL-FAW Power Battery Project	22,140,987.46	984,322,705.77	942,049,483.57	
Sichuan Contemporary Power Battery Project Phase I	61,057,186.78	561,181,412.76	61,386,557.78	
European production research and development base project	32,449,467.37	874,602,256.53	107,089,312.28	
Total	**1,075,001,367.24**	**8,626,300,252.13**	**5,543,261,013.85**	

(Continued) :

Project	Accumulated capitalized interest	Including current capitalized interest	Capitalization rate%	2020.12.31
Ningde Contemporary Huxi Lithium-ion Power Battery Production Base Project				245,657,951.58
Ningde Contemporary Huxi Li-ion Battery Expansion Project				1,584,064,885.63
Jiangsu Contemporary Liyang Park Project Phase III				738,702,476.45
Hunan Brunp Phase V Project	30,263,169.92	12,903,574.52	4.94	164,386,628.82
CATL-FAW Power Battery Project	523,048.67	523,048.67	3.62	64,414,209.66
Sichuan Contemporary Power Battery Project Phase I				560,852,041.76
European production research and development base project				799,962,411.62
Total	**30,786,218.59**	**13,426,623.19**		**4,158,040,605.52**

Movement of significant construction in progress (Continued) :

Project	Budget	Percentage of current input over budget (%)	Progress	Sources of funds
Ningde Contemporary Huxi Lithium-ion Power Battery Production Base Project	9,860,000,000.00	46.55	Under construction	Self-financing
Ningde Contemporary Huxi Li-ion Battery Expansion Project	5,617,600,000.00	40.29	Under construction	Self-financing
Jiangsu Contemporary Liyang Park Project Phase III	7,400,000,000.00	47.23	Under construction	Self-financing
Hunan Brunp Phase V Project	2,600,000,000.00	66.79	Under construction	Self-financing and borrowings
CATL-FAW Power Battery Project	4,400,000,000.00	23.55	Under construction	Self-financing and borrowings
Sichuan Contemporary Power Battery Project Phase I	4,900,000,000.00	14.82	Under construction	Self-financing
European production research and development base project	14,445,000,000.00	6.28	Under construction	Self-financing
Total	**49,222,600,000.00**			

17. Intangible assets

(1) Information of intangible assets

Item	Land use rights	Proprietary technology	Licensed technology	Software	Trademark	Domain name	Total
I. Original book value							
1.2019.12.31	2,088,560,452.93	105,450,000.00	227,968,918.33	224,838,635.35	52,160,000.00	10,570,000.00	2,709,548,006.61
2.Increase	337,353,445.00			13,997,872.24			351,351,317.24
(1) Purchase	337,353,445.00			13,997,872.24			351,351,317.24
3.Decrease				1,079,349.50			1,079,349.50
(1) Disposal				1,079,349.50			1,079,349.50
4.2020.12.31	2,425,913,897.93	105,450,000.00	227,968,918.33	237,757,158.09	52,160,000.00	10,570,000.00	3,059,819,974.35
II. Accumulated amortization							
1.2019.12.31	75,637,628.21	70,297,500.00	131,705,564.90	129,590,106.36			407,230,799.47
2.Increase	45,973,294.97	11,716,250.00	23,040,935.25	54,513,333.86			135,243,814.08
(1) Charge for the year	45,973,294.97	11,716,250.00	23,040,935.25	54,513,333.86			135,243,814.08
3.Decrease				590,364.66			590,364.66
(1) Disposal				590,364.66			590,364.66
4.2020.12.31	121,610,923.18	82,013,750.00	154,746,500.15	183,513,075.56			541,884,248.89
III. Provision for impairment							
IV. Carrying amount							
1. Carrying amount as at 31/12/2020	2,304,302,974.75	23,436,250.00	73,222,418.18	54,244,082.53	52,160,000.00	10,570,000.00	2,517,935,725.46
2. Carrying amount as at 31/12/2019	2,012,922,824.72	35,152,500.00	96,263,353.43	95,248,528.99	52,160,000.00	10,570,000.00	2,302,317,207.14

Note: Certain intangible assets were pledged or guaranteed for borrowings, details refer to Note V.61.

(2) At the end of reporting period, all land use rights has obtained title certificates.

18. Goodwill

(1) Book value of goodwill

Investee	2019.12.31	Increase	Decrease	2020.12.31
		Business combination	Disposal	
Guangdong Brunp Recycling Technology Co., Ltd.	100,419,270.78			100,419,270.78
Longyan Sikang New Material Co., Ltd.	47,532,616.45			47,532,616.45
Total	**147,951,887.23**			**147,951,887.23**

Note 1: The Company's goodwill was formed in January 2015 under the business combination not under common control of Guangdong Brunp Recycling Technology Co., Ltd. ("Guangdong Brunp"). At the end of the reporting period, the goodwill was tested for impairment and no provision for impairment was identified.

Note2: The goodwill brought forward was caused by the business combination not under common control of Longyan Sikang New Material Co., Ltd. ("Longyan Sikang") on 15 November 2019. At the end of the reporting period, the goodwill was tested for impairment and no provision for impairment was identified.

Note 3: The Company uses the method of present value of forecasted future cash flows to calculate the recoverable amount of the asset group. The Company estimates the cash flows in the next 5 years based on the financial budget approved by the management. The cash flows used in subsequent years is assumed to be consistent with the fifth year and will not exceed the long-term average growth rate of the business operations of the asset group. The pre-tax discount rate used to calculate the present value of future cash flows is 12.96% (prior period: 12.16%) for Guangdong Brunp and 16.18% for Longyan Sikang, which has reflected the risks in relevant segment. According to the results of the impairment test, there is no impairment of goodwill at the end of the current period (end of the previous period: none).

19. Long-term deferred expenses

Item	2019.12.31	Increase	Decrease		2020.12.31
			Amortization in the year	Other decrease	
Project reconstruction expenditure	20,607,082.23	10,754,968.35	9,455,364.24		21,906,686.34
Production mold	21,117,845.08	25,444,420.28	25,116,253.98		21,446,011.38
Outdoor facilities	335,910,971.34	76,955,572.02	112,693,883.40		300,172,659.96
Other	16,460,119.42	12,148,644.47	8,582,404.62		20,026,359.27
Total	**394,096,018.07**	**125,303,605.12**	**155,847,906.24**		**363,551,716.95**

20. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offsetting

Item	2020.12.31 Deductible or taxable timing differences	2020.12.31 Deferred tax assets or liabilities	2019.12.31 Deductible or taxable timing differences	2019.12.31 Deferred tax assets or liabilities
Deferred tax assets:				
Accrued sales rebate	2,867,602,798.31	430,408,061.27	2,493,643,734.73	381,083,982.01
Accrued expenses	778,012,256.72	116,703,038.52	453,206,231.20	67,993,144.68
Deductible losses	181,688,137.11	45,422,034.28	16,718,383.20	4,179,595.80
Staff salaries payable	2,232,549,179.82	335,223,517.93	1,237,836,738.14	189,322,738.03
Provision for impairment of assets	2,621,306,536.92	393,693,940.69	1,747,752,249.79	264,536,430.18
Loss from changes in fair value			286,915,936.00	43,037,390.40
Equity incentive expenses	3,254,282,966.55	488,542,748.43	1,131,884,701.07	169,782,705.16
Provision for after-sales comprehensive service fee	3,930,102,079.01	604,415,301.67	2,790,778,887.11	424,768,558.26
Unrealized profits from internal transactions	823,466,614.03	144,475,150.72	621,335,604.75	96,322,862.74
Subsidies that have been included in taxable income	1,565,102,609.15	261,630,690.86	731,567,351.66	131,207,004.41
Difference in accounting depreciation period shorter than tax law depreciation period	1,473,626,450.09	205,170,459.43	1,052,608,428.59	186,764,545.61
Difference in licensed technology tax base greater than its carrying amount	11,047,779.36	1,657,166.90	14,730,372.47	2,209,555.87
Changes in fair value of other equity investments included in other comprehensive income	91,589,849.51	13,738,477.43	270,600,706.78	40,590,106.03
Cash flow hedge reserve	840,195,734.69	126,029,360.20	516,079,425.57	77,411,913.84
Subtotal	**20,670,572,991.27**	**3,167,109,948.33**	**13,365,658,751.06**	**2,079,210,533.02**
Deferred tax liabilities:				
Appreciation of assets appraisal of business combination not under common control	137,217,084.46	20,581,091.20	150,596,532.93	22,589,479.94
Gain on transfer of other equity investments	115,425,929.58	17,313,889.44	115,425,929.58	17,313,889.44
Changes in the effective portion of cash flow hedge gains and losses included in other comprehensive income	317,492,196.26	47,623,829.44	341,923,868.87	51,288,580.33
Subtotal	**570,135,210.30**	**85,518,810.08**	**607,946,331.38**	**91,191,949.71**

(2) Deductible temporary differences and deductible tax losses of unrecognized deferred tax assets

Item	2020.12.31	2019.12.31
Deductible temporary differences	682,064,366.21	591,086,715.61
Deductible losses	419,009,507.59	210,522,827.05
Unrealized profits from internal transactions	40,916,838.93	25,741,917.69
Total	**1,141,990,712.73**	**827,351,460.35**

(3) Expiry of deductible tax losses of unrecognized deferred tax assets in subsequent period

Year	2020.12.31	2019.12.31
2020		1,202,842.49
2021		763,506.86
2022	3,197,105.04	5,074,519.38
2023	41,546,927.47	41,547,851.57
2024	168,602,587.26	161,934,106.75
Losses expected to be utilized after 2025	205,662,887.82	
Total	**419,009,507.59**	**210,522,827.05**

Note: According to the "Announcement on Extending the Loss Carry-forward and Utilization Period of High-tech Enterprises and Small and Medium-sized Technological Enterprises on Enterprise Income Tax Treatment Issues" (Announcement No. 45 of 2018) issued by State Administration of Taxation, certain high-tech enterprises subsidiaries of the Company extended the loss carry-forward and utilisation period is up to 10 years.

21. Other non-current assets

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayment for construction and equipment	4,963,561,587.80		4,963,561,587.80	2,231,058,370.82		2,231,058,370.82
Prepaid land consideration	39,070,000.00		39,070,000.00	17,475,600.00		17,475,600.00
Total	**5,002,631,587.80**		**5,002,631,587.80**	**2,248,533,970.82**		**2,248,533,970.82**

22. Short-term loans

(1) Short-term loans by category

Item	2020.12.31	2019.12.31
Unsecured loans	3,720,164,271.41	882,154,459.75
Pledged loans	1,420,683,971.17	549,684,453.23
Guaranteed loans	456,587,319.72	619,097,679.27
Mortgage, pledge and guaranteed loans	737,644,619.87	74,710,089.52
Total	**6,335,080,182.17**	**2,125,646,681.77**

Note: Certain properties were pledged or guaranteed for borrowings, details refer to Note V.58.

23. Trading financial liabilities

Item	2019.12.31	Increase	Decrease	2020.12.31
Designated as financial liabilities at fair value through profit or loss	286,915,936.00		286,915,936.00	

24. Bills payable

Category	2020.12.31	2019.12.31
Bank acceptance bills	15,138,338,538.99	17,134,312,205.50
Commercial acceptance bills	498,250,987.91	285,885,584.90
Total	**15,636,589,526.90**	**17,420,197,790.40**

Note: At the end of the reporting period, there is no overdue notes payable.

25. Accounts payable

Item	2020.12.31	2019.12.31
Purchase of goods	10,977,729,188.56	7,255,117,065.37
Construction and equipment payables	4,657,115,119.96	3,437,020,435.30
Total	**15,634,844,308.52**	**10,692,137,500.67**

Significant accounts payable with ageing over one year

Item	2020.12.31	Reason of outstanding
Creditor 1	843,061,752.41	Not reach the contract payment term
Creditor 2	178,447,614.83	Not reach the contract payment term
Creditor 3	92,803,149.26	Not reach the contract payment term
Total	**1,114,312,516.50**	

26. Advance from customers

Item	2020.12.31	2019.12.31
Sale of goods		6,161,443,242.83

27. Contract liabilities

Item	2020.12.31	2020.01.01	2019.12.31
Sale of goods	6,875,227,795.16	5,546,431,343.06	

28. Employee benefits payable

Item	2019.12.31	Increase	Decrease	2020.12.31
Short-term employee benefits	1,580,877,551.76	4,935,588,682.44	3,861,614,786.32	2,654,851,447.88
Post-employment benefits - defined contribution plans	1,397,969.77	142,259,658.34	140,944,161.57	2,713,466.54
Total	**1,582,275,521.53**	**5,077,848,340.78**	**4,002,558,947.89**	**2,657,564,914.42**

(1) Short-term employee benefits

Item	2019.12.31	Increase	Decrease	2020.12.31
Salaries, bonus, and allowances	1,509,808,517.65	4,431,866,987.07	3,389,418,674.03	2,552,256,830.69
Staff welfare	68,571,533.67	253,671,081.95	223,789,550.23	98,453,065.39
Social insurances	175,095.36	125,186,166.13	125,210,576.34	150,685.15
Include: 1. Medical insurance	153,943.48	107,149,405.25	107,158,913.05	144,435.68
2. Work injury insurance	14,861.73	9,648,759.44	9,660,883.55	2,737.62
3. Maternity insurance	6,290.15	8,388,001.44	8,390,779.74	3,511.85
Housing Fund	160,599.12	109,642,382.41	109,777,820.49	25,161.04
Union funds and employee education	2,161,805.96	15,222,064.88	13,418,165.23	3,965,705.61
Total	**1,580,877,551.76**	**4,935,588,682.44**	**3,861,614,786.32**	**2,654,851,447.88**

(2) Defined contribution plan

Item	2019.12.31	Increase	Decrease	2020.12.31
Post-employment benefits	1,397,969.77	142,259,658.34	140,944,161.57	2,713,466.54
Including: 1. Basic pension insurance	1,393,841.31	137,778,591.39	136,460,274.08	2,712,158.62
2. Unemployment insurance	4,128.46	4,481,066.95	4,483,887.49	1,307.92

Total	**1,397,969.77**	**142,259,658.34**	**140,944,161.57**	**2,713,466.54**

29. Taxes payable

Item	2020.12.31	2019.12.31
Enterprise income tax	964,745,143.96	794,112,230.98
Value added tax	268,720,900.08	115,345,680.55
Personal Income Tax	5,410,251.05	10,683,929.72
Property tax	16,203,932.30	13,481,636.13
Urban maintenance and construction tax	33,855,590.04	13,885,285.77
Educational surcharge	24,182,505.01	9,918,061.27
Land use tax	4,217,831.55	3,541,698.40
Stamp duty	2,004,756.06	1,544,977.71
Flood control fee	415,994.51	277,155.00
Other taxes	1,302,185.87	193,912.51
Total	**1,321,059,090.43**	**962,984,568.04**

30. Other payables

Item	2020.12.31	2019.12.31
Dividend payable	6,172,824.12	2,418,687.95
Other payables	4,401,603,465.43	5,295,890,304.78
Total	**4,407,776,289.55**	**5,298,308,992.73**

(1) Dividend payable

Item	2020.12.31	2019.12.31
Dividend of common shares	6,172,824.12	2,418,687.95

(2) Other payables

Item	2020.12.31	2019.12.31
Security deposits for hedging instruments	1,026,673,346.73	1,470,211,660.73
Repurchase obligations of restricted shares	694,562,922.70	1,044,392,836.00
Accrued freight and utilities	1,002,731,014.36	661,559,073.33
Security deposits for contracts	34,781,900.00	926,244,100.00
Other	1,642,854,281.64	1,193,482,634.72
Total	**4,401,603,465.43**	**5,295,890,304.78**

Significant other payables with ageing over one year

Item	Amount	Reason of outstanding
Security deposits for hedging instruments	1,026,673,346.73	Not reach the contract payment term
Repurchase obligations of restricted shares	694,562,922.70	Not reach the contract payment term
Other current accounts	1,135,000,000.00	Not reach the contract payment term
Total	**2,856,236,269.43**	

31. Non-current liabilities due within one year

Item	2020.12.31	2019.12.31
Long-term loans due within one year	1,259,871,096.47	982,795,678.22
Long-term payables due within one year	89,167,600.02	94,672,816.87
Total	**1,349,038,696.49**	**1,077,468,495.09**

(1) Long-term loans due within one year

Item	2020.12.31	2019.12.31
Mortgage loans	859,481,603.49	668,999,028.30
Mortgage and Guaranteed loans	178,907,723.77	140,610,023.09
Guaranteed loans	63,616,862.51	32,126,226.82
Unsecured loans	157,864,906.70	141,060,400.01
Total	**1,259,871,096.47**	**982,795,678.22**

(2) Long-term payables due within one year

Item	2020.12.31	2019.12.31
Financing lease payments	53,393,481.42	35,010,883.02
Loans from Jiangsu Zhongguancun Science and Technology Industrial Park Management Committee		19,344,767.28
Ningde Jinzhen Investment Co., Ltd.	35,479,452.05	
Loans from CDB Development Fund Co., Ltd.	294,666.55	40,317,166.57
Total	**89,167,600.02**	**94,672,816.87**

32. Other current liabilities

Item	2020.12.31	2019.12.31
VAT output pending to transfer	760,008,999.58	

33. Long-term loans

Item	2020.12.31	Range of interest rate	2019.12.31	Range of interest rate
Mortgage loans	2,877,353,257.80	4.20%-4.75%	3,589,094,850.98	3.00%-4.755%
Unsecured loans	2,461,167,237.27	1.00%-4.30%	781,060,400.01	2.65%-4.90%
Mortgage and Guaranteed loans	747,358,195.09	4.10%-5.1225%	1,503,087,497.38	4.75%-5.2725%
Guaranteed loans	1,242,155,660.51	3.80%-4.90%	90,116,111.11	4.75%
Subtotal	**7,328,034,350.67**		**5,963,358,859.48**	
Less: Long-term loans due within one year	1,259,871,096.47		982,795,678.22	
Total	**6,068,163,254.20**		**4,980,563,181.26**	

Note: Certain properties were pledged or guaranteed for borrowings, details refer to Note V.61.

34. Bonds payable

Item	2020.12.31	2019.12.31
Corporate bonds	14,382,255,950.87	1,508,339,195.70

(1) Movement of bond payables

Bonds	Face value	Issue date	Bond period	Issued amount
19CATL01	1,500,000,000.00	2019/10/28	5 years	1,500,000,000.00
20CATL01	3,000,000,000.00	2020/1/16	5 years	3,000,000,000.00
US$1.5 billion offshore bonds	9,787,350,000.00	2020/9/10	5 years and 10 years	9,787,350,000.00
Total	**14,287,350,000.00**			**14,287,350,000.00**

(Continued)

Bonds	2019.12.31	Issued in the year	Interest accrual on face value	Amortization of discount or premium	Repayment in the year	2020.12.31
19CATL01	1,508,339,195.70		64,400,000.00	7,098,678.37	55,200,000.00	1,510,440,517.33
20CATL01		3,000,000,000.00	99,825,000.00	-1,965,329.49		3,101,790,329.49
US$1.5 billion offshore bonds		9,787,350,000.00	60,661,179.69	77,986,075.64		9,770,025,104.05
Total	**1,508,339,195.70**	**12,787,350,000.00**	**224,886,179.69**	**83,119,424.52**	**55,200,000.00**	**14,382,255,950.87**

35. Long-term payables

Item	2020.12.31	2019.12.31
Long-term payables	1,193,938,630.30	873,618,580.61

(1) Long-term payables

Item	2020.12.31	2019.12.31
CDB Development Fund Co., Ltd. loans (Note 1)	650,294,666.55	690,317,166.57
Ningde Jinzhen Investment Co., Ltd. (Note 2)	535,479,452.05	
Loans from Jiangsu Zhongguancun Science and Technology Industrial Park Management Committee		219,344,767.28
Financing lease payments	97,332,111.72	58,629,463.63
Subtotal	**1,283,106,230.32**	**968,291,397.48**
Less: Long-term payables due within one year	89,167,600.02	94,672,816.87
Total	**1,193,938,630.30**	**873,618,580.61**

Note 1: On October 23, 2015, CDB Development Fund Co., Ltd. (hereinafter referred to as "CDB Development Fund") and the Company's subsidiary Contemporary Lithium Power Limited (hereinafter referred to as "Contemporary Lithium Power") signed the "CDB Development Fund Investment Contract" (hereinafter referred to as "Investment Contract"). CDB Development Fund invested in construction project of lithium-ion power and energy storage battery system production line carried by Contemporary Lithium Power in the form of RMB 500.00 million capital contribution to Contemporary Lithium Power. After the capital increase, the registered capital of Contemporary Lithium Power was increased from RMB 600.00 million to RMB 1,100.00 million. The shareholding by CDB Development Fund is 45.45%, and the Company's shareholding is changed to 54.55%. After the capital increase, CDB Development Fund does not appoint any director, supervisor or senior management personnel. Both parties agree that the shareholders' meeting is the highest authority of Contemporary Lithium Power. Only major issues affecting the CDB Development Fund need to be passed by 2/3 or more of the voting rights of all shareholders, and other matters need to be passed by more than half of all shareholders' voting rights.

On December 30, 2015, CDB Development Fund and the Company's subsidiary Qinghai Contemporary signed the "CDB Investment Contract" (hereinafter referred to as the "Investment Contract"). CDB Development Fund invested in the development and production project of Power and Energy Storage Lithium Battery carried by Qinghai Contemporary in the form of RMB 190.00 million capital contribution to Qinghai Contemporary. After the capital increase, the registered capital of Qinghai Contemporary is increased from RMB100.00 million to RMB 290.00 million. The shareholding by CDB Development Fund is 65.5%, and the Company's shareholding is changed to 34.5%. After the capital increase, CDB Development Fund does not appoint any director, supervisor or senior management personnel. Only major issues affecting the CDB Development Fund need to be passed by 2/3 or more of the voting rights of all shareholders, and other matters need to be passed by more than half of all shareholders' voting rights. In February 2016, the Company increased the capital contribution to Qinghai Contemporary by RMB190 million. After the capital increase, the Company's shareholding ratio was changed to 60.4%. In October 2020, the Company and China Development Fund signed the "Equity Transfer Agreement" to pay RMB 40 million to repurchase 8.33% of the equity. After the repurchase, the Company's shareholding ratio was changed to 68.75%.

CDB Development Fund's capital investment in Contemporary Lithium Power and Qinghai Contemporary is distributed for fixed profit annually for a period of 15 years. On expiration, the Company is obliged to repurchase the shares held by CDB Development Fund in Contemporary Lithium Power and Qinghai Contemporary. In order to protect the principal and investment income of the CDB

Development Fund, the Company pledged the bank deposit certificate of RMB 50,000,000.00 and letter of guarantee of RMB 500,000,000.00 to China Development Bank Fujian Branch. In preparation of consolidated financial statements, the Company treated the capital contribution by CDB Development Fund as a liability. The amount of interest accrued based on the effective interest rate method at the end of the period was RMB 294,666.55.

Note 2: On March 20, 2020, Ningde Jinzhen Investment Co., Ltd. ("Jinzhen Investment") and the Company and its subsidiary Ningbo Meishan Bonded Area Wending Investment Co., Ltd ("Wending Investment") signed "Partnership Agreement of Fujian Mindong Contemporary Rural Investment Development Partnership Enterprise Limited Partnership" (hereinafter referred to as "Partnership Agreement"), Jinzhen Investment invested RMB 500.00 million in Mindong Contemporary, and Jinzhen Investment's equity accounted for 50.00%.

Jinzhen Investment is a limited partner and does not execute duty in partnership. The term of the partnership agreement is 10 years, and the principal and investment income of Jinzhen Investment are guaranteed. At the level of consolidated financial statements, the Company treats the above businesses in substance as a debt. At the end of the period, the amount of interest accrued based on the effective interest rate method was RMB 35,479,452.05.

36. Provisions

Item	2020.12.31	2019.12.31	Cause of formation
After-sales comprehensive service fee	3,930,102,079.01	2,796,129,527.67	Estimated cost of quality warranty according to the quality warranty agreement
Sales rebate	2,867,602,798.31	2,493,643,734.73	Rebate in accordance with specific rebate agreement or contract
Total	**6,797,704,877.32**	**5,289,773,262.40**	

37. Deferred income

Item	2019.12.31	Increase	Decrease	2020.12.31
Government grants	813,236,654.86	3,528,368,122.84	422,665,579.99	3,918,939,197.71

Details of government grants are as follows:

Item	2019.12.31	Addition of subsidy amount	Amount recognized in profit for loss in the year	Other changes	2020.12.31	Related to assets / Related to income
CATL-SAIC Advanced Power Battery Project (Note 1)	123,052,349.92	173,810,500.00	6,905,115.99		289,957,733.93	Related to assets
Hunan Brunp Phase V Industry Support Fund (Note 2)	81,000,000.00	22,000,000.00	2,970,833.35		100,029,166.65	Related to assets
Jiangsu Contemporary Production Base Project (Note 3)	46,250,000.04	989,036,300.00	117,252,977.24		918,033,322.80	Related to assets
CATL-Geely Power Battery Project (Note 4)		2,000,000,000.00			2,000,000,000.00	Related to assets
Total	**250,302,349.96**	**3,184,846,800.00**	**127,128,926.58**		**3,308,020,223.38**	

Note 1: In December 2020, the subsidiary CATL-SAIC received a subsidy of RMB 173.81 million, which was used to subsidize the equipment investment in 2019. CATL-SAIC will use it as a government

subsidy related to assets.

Note 2: From June to August 2020, the subsidiary Hunan Brunp received a subsidy of RMB 22.00 million to support the construction for the recycling of used battery resources. Hunan Brunp will use it as a government subsidy related to assets.

Note 3: The subsidiary Jiangsu Contemporary received subsidies of RMB 727.13 million and RMB 261.91 million in January 2020 and December 2020 respectively, the subsidy will be used to support the construction of the production base of Jiangsu Contemporary, which was regarded as related to assets.

Note 4: In September 2020, the subsidiary CATL-Geely received RMB 2 billion of industrial support funds, and CATL-Geely used it as a government subsidy related to assets.

38. Share capital (Unit: share)

Item	2019.12.31	Movement in the year					2020.12.31
		Issuance of new share	Bonus shares	Conversion from capital reserve	Other	Subtotal	
Total shares	2,208,399,700.00	122,360,248.00			-1,285,920.00	121,074,328.00	2,329,474,028.00

Note:

The reasons for the increase in share capital of the current period of RMB 122,360,248 are due to the following: In accordance with the resolution of the first extraordinary general meeting of shareholders in 2020 and the approval of the China Securities Regulatory Commission (Zhenjian Xuke [2020] No. 1268), the Company finally determined to issue 122.36 million shares, as a result, the share capital was increased by RMB 122.36 million and the capital reserve was increased by RMB 19,495.41 million. The above non-public additional issuance of shares has been verified by Grant Thornton Certified Public Accountants (Special General Partnership), which issued "Contemporary Amperex Technology Co., Limited Capital Verification Report" (Zhitong Yanzi (2020) No. 351ZC00213) on July 10, 2020.

The reasons for the reduction of the share capital of RMB 1,285,920 in this period are due to the following: The Company's 2019 Annual General Meeting of Shareholders held on May 18, 2020 reviewed and approved the “Proposal on the Repurchase and Cancellation of Certain Restricted Stocks in the 2018 Restricted Stock Incentive Plan”' and the “Proposal on the Repurchase and Cancellation of Certain Restricted Stocks" and "Proposal on reducing the Company's registered capital and amending the Company's articles of association", pursuant to which the 168 incentive participants in the 2018 and 2019 incentive plans have resigned due to personal reasons and are no longer eligible for incentives. The Company had to repurchase and cancel the restricted stocks for those incentive participants were granted but have not yet unlocked the restrictions on sales. The total number of shares was 1.29 million shares. The Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. confirmed that the repurchase and cancellation of those restricted shares was completed on May 22, 2020, as a result, the share capital was reduced by RMB 1.29 million, the capital reserve was reduced by RMB 44,08 million, and treasury shares was reduced by RMB 45.36 million. The above matters have been verified by the Grant Thornton Certified Public Accountants (Special General Partnership), which issued "Contemporary Amperex Technology Co., Limited Capital Verification Report" (Zhitong Yanzi (2020) No. 351ZC0127) on May 18, 2020.

39. Capital reserve

Item	2019.12.31	Increase	Decrease	2020.12.31
Share premium	21,217,687,720.70	19,800,362,871.10	44,572,603.26	40,973,477,988.54
Other capital reserve	412,760,856.89	580,864,590.50	304,951,832.85	688,673,614.54
Total	**21,630,448,577.59**	**20,381,227,461.60**	**349,524,436.11**	**41,662,151,603.08**

Note:

① The share premium was increased by RMB19,800,362,871.10 in the year, including the following: RMB19,495,411,038.25 is from the premium of capital contribution by new shareholders; RMB 304,951,832.85 was transferred from other capital reserve to share premium in the employee stock ownership plan that met the prescribed vesting conditions and unlocked the restriction. The share premium was decreased by RMB 44,572,603.26, including the following: RMB 493,749.00 was due to the acquisition of interests of minority shareholders in the subsidiary Runyuan Power; RMB 44,078,854.26 was due to the repurchase and cancel of 1.29 million restricted shares.

② The other capital reserve was increased by RMB 580,864,590.50 in the year, including the following: RMB 227,927,989.49 was the employee stock ownership plan implemented for the key personnel of the Company, and the difference between the subscription price and the fair value subscribed by external investors during the same period is recognized as an expense, because the granted equity has not yet met the vesting conditions for unlocking the restrictions of the stock ownership plan, so other capital reserve was increased; RMB 315,286,380.37 was the income tax effect of future deductible expenses of share-based payments; RMB 37,650,220.64 was the recognition of changes in equity of other shareholders of joint ventures and associated companies. The decrease of other capital reserves in the current period by RMB 304,951,832.85 is due to the employee stock ownership plan that met the prescribed vesting conditions and unlocked the restriction, accordingly other capital reserves transferred to share premium.

40. Treasury shares

Item	2019.12.31	Increase	Decrease	2020.12.31
Treasury shares	1,074,894,790.00		364,874,237.18	710,020,552.82

Note:
Treasury shares decreased by RMB 364,874,237.18 during the period was due to the following: RMB 45.36 million was due to the repurchase and cancellation of 1.29 million restricted shares; RMB 319,511,889.18 was due to the Company held the 21st meeting of the second board of directors on September 10, 2020, and reviewed and approved the "Proposal on the achievement of the first restriction period of the restricted shares incentive plan in 2019 to unlock the restrictions on sales " and the "Proposal on the achievement of the second restriction period of the first grant of restricted shares incentive plan in 2018 to unlock the restrictions on sales", there were 2,940 and 1,452 incentive participants met the conditions for unlocking the sales restriction, and the total number of restricted stocks that were released were in total 9,048,794 shares, as a result, treasury shares was reduced by RMB 319,511,889.18.

41. Other comprehensive income

Item	2019.12.31 (1)	Year ended 31/12/2020		
		Amount before tax	Less:other comprehensive income in prior periods transfer in profit or loss for the current period	Less: income tax
I. Other comprehensive income that will not be reclassified into profit or loss	-230,010,600.75	267,170,494.58	74,935,691.52	40,075,574.15
1. Changes in fair value of other equity instruments investment	-230,010,600.75	267,170,494.58	74,935,691.52	40,075,574.15
II. Other comprehensive income that will be reclassified into profit or loss	850,830,245.68	350,004,719.02		-3,664,750.89
1. Gain or loss on effective portion of cash flow hedge	806,714,714.11	288,577,170.14		-3,664,750.89
2. Translation differences arising on translation of foreign currency financial statements	44,115,531.57	61,427,548.88		
Total other comprehensive income	**620,819,644.93**	**617,175,213.60**	**74,935,691.52**	**36,410,823.26**

(Continued)

Item	Year ended 31/12/2020		2020.12.31 (3) = (1) + (2)
	Attributable to parent company after tax (2)	Attributable to minority after tax	
I. Other comprehensive income that will not be reclassified into profit or loss	152,159,228.91		-77,851,371.84
1. Changes in fair value of other equity instruments investment	152,159,228.91		-77,851,371.84
II. Other comprehensive income that will be reclassified into profit or loss	354,014,077.18	-344,607.27	1,204,844,322.86
1. Gain or loss on effective portion of cash flow hedge	292,241,921.03		1,098,956,635.14
2. Translation differences arising on translation of foreign currency financial statements	61,772,156.15	-344,607.27	105,887,687.72
Total other comprehensive income	**506,173,306.09**	**-344,607.27**	**1,126,992,951.02**

Note: Other comprehensive income (net of tax) for the year is RMB 505,828,698.82, of which attributable to the parent company is RMB 506,173,306.09 and RMB -344,607.27 attributable to minority shareholders.

42. Surplus reserve

Item	2019.12.31	Increase	Decrease	2020.12.31
Statutory surplus reserve	1,097,245,469.55	60,537,164.00		1,157,782,633.55

43. Undistributed profits

Item	Year ended 31/12/2020	Year ended 31/12/2019	Appropriation or distribution ratio
Undistributed profits before adjustment as at 31/12/2019	13,652,965,292.41	9,515,006,632.30	
Total adjustment of undistributed profits as at 1/1/2020 (increase+, decrease-)	26,645,789.66		
Undistributed profits after adjustment as at 1/1/2019	13,679,611,082.07	9,515,006,632.30	
Add: Net profit attributable to parent company for the year	5,583,338,710.38	4,560,307,432.71	
Less: Appropriation for statutory surplus reserve	60,537,164.00	111,367,050.86	Limited to 50% share capital of parent company
Appropriation for dividend of common shares	486,558,233.18	310,981,721.74	
Transfer from other comprehensive income	74,935,691.52		
Undistributed profits as at 31/12/2020	18,640,918,703.75	13,652,965,292.41	

Note: The retrospective adjustment in adoption of new accounting standards as required by "Accounting Standards for Business Enterprises", the undistributed profits at the beginning of the period was adjusted by RMB 26,645,789.66. Please refer to Note III. 31 for the impact of changes in accounting policy.

44. Operating income and operating cost

(1) Operating income and operating cost

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Income	Cost	Income	Cost
Primary operations	44,798,397,504.58	32,926,652,226.00	43,498,780,906.35	31,238,467,731.27
Other operations	5,521,090,192.62	3,422,501,366.22	2,289,239,736.06	1,244,292,781.35
Total	**50,319,487,697.20**	**36,349,153,592.22**	**45,788,020,642.41**	**32,482,760,512.62**

(2) Operating income and operating cost (by products)

Product	Year ended 31/12/2020		Year ended 31/12/2019	
	Income	Cost	Income	Cost
Primary operations:				
Power battery system	39,425,820,651.13	28,955,599,917.98	38,583,525,713.09	27,604,672,881.90
Lithium battery material	3,429,126,665.71	2,727,766,641.10	4,305,172,766.24	3,254,774,690.62
Energy storage system	1,943,450,187.74	1,243,285,666.92	610,082,427.02	379,020,158.75
Subtotal	**44,798,397,504.58**	**32,926,652,226.00**	**43,498,780,906.35**	**31,238,467,731.27**
Other operations:				
Others	5,521,090,192.62	3,422,501,366.22	2,289,239,736.06	1,244,292,781.35
Subtotal	**5,521,090,192.62**	**3,422,501,366.22**	**2,289,239,736.06**	**1,244,292,781.35**
Total	**50,319,487,697.20**	**36,349,153,592.22**	**45,788,020,642.41**	**32,482,760,512.62**

(3) Operating income and operating cost (by geographical area)

Region	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Within China	37,557,780,590.26	27,686,479,698.60	41,796,823,540.28	29,867,254,617.97
Overseas	7,240,616,914.32	5,240,172,527.40	1,701,957,366.07	1,371,213,113.30
Subtotal	**44,798,397,504.58**	**32,926,652,226.00**	**43,498,780,906.35**	**31,238,467,731.27**

(4) Operating income by segment

	Year ended 31/12/2020				
	Power battery system	Lithium battery material	Energy storage system	Other	Total
Primary operating income					
Including: Recognised at a point in time	39,425,820,651.13	3,429,126,665.71	1,943,450,187.74		44,798,397,504.58
Other operating income				5,521,090,192.62	5,521,090,192.62
Total	**39,425,820,651.13**	**3,429,126,665.71**	**1,943,450,187.74**	**5,521,090,192.62**	**50,319,487,697.20**

(5) Description of performance obligations

The Company's main business is the development, production, sales and after-sales service of lithium-ion power battery systems, energy storage systems, and lithium battery materials produced by the application of battery recycling technology. For sale of product transaction, the Company completes the performance obligation when the customer obtains control of the relevant product. For service-related transactions, the Company confirms the completed performance obligations according to the performance progress during the entire service period.

(6) Description of allocation to remaining performance obligations

At year end, the revenue corresponding to the performance obligations that have been signed but not yet performed or not yet completed is amounted to RMB 5,946.50 million.

45. Taxes and surcharges

Item	Year ended 31/12/2020	Year ended 31/12/2019
Urban maintenance and construction tax	92,832,316.50	96,099,695.87
Property tax	68,614,000.87	51,766,688.17
Educational surcharge	39,813,400.89	41,188,241.83
Stamp duty	34,846,419.21	32,861,969.15
Local educational surcharge	24,442,088.60	27,458,827.83
Land use tax	26,977,033.36	15,711,561.23
Other	7,604,634.17	7,141,121.54
Total	**295,129,893.60**	**272,228,105.62**

Note: For details of standard rates of various taxes and surcharge, please refer to Note IV. Taxation.

46. Selling expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
After-sales comprehensive service fee	1,239,508,524.22	1,172,876,427.08
Transportation fee		301,290,228.68
Staff salaries	321,430,416.81	172,976,605.44
Sales commission	175,931,000.31	240,912,113.79
Material consumption expenses	143,377,934.99	63,619,796.92
Travel and business entertainment	77,491,664.60	78,207,638.63
Share-based payments	29,415,461.82	28,464,046.37
Other	229,554,529.98	98,206,684.60
Total	**2,216,709,532.73**	**2,156,553,541.51**

Note: Due to changes in accounting policies, sales expenses-transportation expenses are reclassified to operating costs and inventories. Please refer to Note III. 31 for the impact on sales expenses by the changes in accounting policies.

47. Administrative expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Staff salaries	885,591,947.00	980,583,919.43
Logistics and office expenses	165,798,812.45	169,158,412.71
Depreciation and amortization expenses	439,790,652.26	346,892,600.82
Share-based payments	127,088,640.62	147,564,198.57
Travel and business entertainment	43,688,113.60	63,359,526.32
Consulting service fee	31,080,783.32	52,716,174.30
Maintenance and renovation expenses	36,780,660.48	27,190,898.86
Other	38,295,631.16	45,208,198.86
Total	**1,768,115,240.89**	**1,832,673,929.87**

48. Research and development expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Staff salaries	1,424,700,624.97	1,236,571,109.34
Depreciation and amortization	553,724,777.94	472,321,350.76
Material costs	950,032,915.95	761,675,068.70
Development and design fees	282,125,096.11	121,118,930.42
Logistics and office expenses	164,643,379.04	127,783,999.71
Share-based payments	72,833,618.64	90,631,127.84
Travel and business entertainment	37,426,590.99	55,106,169.39
Other	83,890,690.39	126,899,760.36
Total	**3,569,377,694.03**	**2,992,107,516.52**

49. Financial expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Total interest expenses	654,487,675.94	306,126,463.70
Less: Capitalized interest expenses	14,053,359.40	16,871,998.21
Interest expenses	640,434,316.54	289,254,465.49
Less: Interest income	1,494,600,958.67	1,078,256,966.28
Exchange gains and losses	117,907,179.28	-23,511,212.00
Bank charges and other	23,617,041.40	30,892,413.26
Total	**-712,642,421.45**	**-781,621,299.53**

50. Other income

Subsidy item	Year ended 31/12/2020	Year ended 31/12/2019
Government grants	1,135,940,385.95	646,371,587.96

Details of major government grants is as follow:

Subsidy item	Year ended 31/12/2020	Year ended 31/12/2019	Related to assets / Related to income	Note
Taxes refund	343,364,006.41	385,587,333.36	Related to income	Note 1
Ningde production base project	73,396,800.00	83,911,394.59	Related to income	Note 2
R&D funding subsidy	150,249,555.77	60,061,494.45	Related to income	Note 1
Jiangsu Contemporary Production Base Project	117,252,977.24	2,499,999.96	Related to assets	Note 2
Reward funds for increasing production and efficiency	108,558,600.00	1,000,000.00	Related to income	Note 1
Talent subsidy	62,562,391.13	2,882,500.00	Related to income	Note 1
Total	**855,384,330.55**	**535,942,722.36**		

Note:

Note 1: Taxes refund mainly included tax refunds received by the Company from various local government authorities. R & D funding grants mainly included that subsidies received by the Company from local government authorities for the Company's R&D investment. Reward funds for increasing production and efficiency are mainly due to the Company's receipt of rewards from local government for increasing production and efficiency. Talent subsidy is mainly due to the Company's receipt of talent subsidies from various local government agencies.

Note 2: Details refer to Note V.37.

Other income in above are all regarded as non-recurring gains and losses.

51. Investment income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Investment income from long-term equity investment accounted by equity method	-4,027,332.09	-11,899,568.84
Gain from derecognition of financial assets at amortized cost	-91,456,141.35	-100,357,220.91
Investment income from holding of trading financial assets	163,639,065.07	28,956,329.68
Investment income from disposal of long-term equity investment	2,509,242.74	3,695,558.05

Item	Year ended 31/12/2020	Year ended 31/12/2019
Dividends income from holding of other equity instruments investment	10,608,723.63	
Ineffective portion of hedging	114,322,526.68	
Gain from derecognition of trading financial liabilities	-313,244,692.48	
Total	**-117,648,607.80**	**-79,604,902.02**

52. Gain from changes in fair value

Source	Year ended 31/12/2020	Year ended 31/12/2019
Trading financial liabilities	286,915,936.00	27,331,582.10
Including: Designated financial liabilities at fair value through profit or loss	286,915,936.00	27,331,582.10

53. Credit impairment loss (“-“ for loss)

Item	Year ended 31/12/2020	Year ended 31/12/2019
Bad debts of accounts receivable	-167,595,777.08	8,524,702.84
Bad debts of notes receivable	-852,752.55	
Bad debts of other receivables	-173,534,000.00	-244,201,088.95
Total	**-341,982,529.63**	**-235,676,386.11**

54. Assets impairment loss (“-“ for loss)

Item	Year ended 31/12/2020	Year ended 31/12/2019
Decline in value of inventories	-625,271,265.72	-739,928,320.36
Impairment loss of fixed assets	-142,614,212.00	-389,361,739.05
Impairment loss of contract assets	-640,914.78	
Impairment loss of long-term equity investment	-58,963,026.54	-305,039,104.28
Total	**-827,489,419.04**	**-1,434,329,163.69**

55. Gains from disposal of assets

Item	Year ended 31/12/2020	Year ended 31/12/2019
Gain from disposal of fixed assets (“-” for loss)	-9,890,379.23	607,801.86
Gain from disposal of construction in progress (“-” for loss)		-871,010.53
Gain from disposal of intangible assets (“-” for loss)		1,645,412.73
Total	**-9,890,379.23**	**1,382,204.06**

56. Non-operating income

Item	Year ended 31/12/2020	Year ended 31/12/2019	Amount included in non-recurring gain or loss
Donation received	200,000.00		200,000.00
Other	94,118,062.61	62,428,112.63	94,118,062.61
Total	**94,318,062.61**	**62,428,112.63**	**94,318,062.61**

Note: Non-operating income are all regarded as non-recurring gains and losses.

57. Non-operating expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019	Amount included in non-recurring gain or loss
Donations	12,674,889.44	259,000.00	12,674,889.44
Loss of disposal of non-current assets	47,137,042.00	18,928,639.15	47,137,042.00
Others	11,442,273.36	41,269,167.33	11,442,273.36
Total	**71,254,204.80**	**60,456,806.48**	**71,254,204.80**

Note: Non-operating expenses are all regarded as non-recurring gains and losses.

58. Income tax expenses

(1) Income tax expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Current income tax	1,680,329,684.27	1,546,709,540.66
Deferred income tax	-801,694,327.49	-798,618,874.28
Total	**878,635,356.78**	**748,090,666.38**

(2) Reconciliation between income tax expenses and accounting profits:

Item	Year ended 31/12/2020	Year ended 31/12/2019
Profit before tax	6,982,553,409.24	5,760,764,564.25
Expected income tax expenses at applicable tax rates of 15%	1,047,383,011.39	864,114,684.62
Impact from tax preferential rate in certain subsidiaries	-28,050,155.12	-90,295,862.55
Adjustment for income tax in prior year	14,691,239.30	-588,874.65
Gain or loss from investments in associates and joint ventures by equity method	4,329,618.06	12,503,832.15
Non-taxable income	-7,796,107.04	-8,379,497.58

Item	Year ended 31/12/2020	Year ended 31/12/2019
Non-deductible costs, expenses and losses	9,342,850.64	18,299,317.61
Impact of tax rate changes on the deferred income tax balance at the beginning of the period	-9,843,843.78	
Utilization of tax losses and deductible temporary differences in prior years	-10,095,825.51	-8,130,636.30
Impact of unrecognized tax losses and deductible temporary differences	91,321,656.42	202,069,403.72
Impact of super-deduction of research and development expenses	-311,151,480.73	-240,016,068.05
Other	78,504,393.15	-1,485,632.59
Income tax expenses	878,635,356.78	748,090,666.38

59. Notes to cash flow statement

(1) Other cash received relating to operating activities

Item	Year ended 31/12/2020	Year ended 31/12/2019
Receipt of security deposits for contracts		495,000,000.00
Receipt of security deposits and deposits (net amount)	296,037,904.68	
Receipt of subsidy	4,180,846,609.85	755,854,862.45
Receipt of interest	1,295,044,330.62	1,029,513,137.24
Receipt of current accounts and others	625,407,021.91	1,482,876,302.37
Total	**6,397,335,867.06**	**3,763,244,302.06**

(2) Other cash paid relating to operating activities

Item	Year ended 31/12/2020	Year ended 31/12/2019
Cash expenses such as operating expenses, administrative expenses and financial institution fees	1,671,806,004.62	1,474,331,568.84
Payment of security deposits (net amount)		345,249,493.86
Payment of current account and other	695,157,033.75	1,363,530,182.03
Total	**2,366,963,038.37**	**3,183,111,244.73**

(3) Other cash received relating to investing activities

Item	Year ended 31/12/2020	Year ended 31/12/2019
Proceeds from collection of bank financial product investment (Net amount)	996,077,829.80	15,449,458,495.47
Income from bank financial product investment	172,704,940.53	26,750,636.67
Net cash in acquisition of subsidiaries		1,193,616.35

Receipt of returned investment intent funds	703,958,866.61	
Receipt of current account and other	863,132,773.64	
Total	**2,735,874,410.58**	**15,477,402,748.49**

(4) Other cash paid relating to investing activities

Item	Year ended 31/12/2020	Year ended 31/12/2019
Payment of returned investment intent funds	2,000,000.00	3,114,021,020.85
Financing lease payments	449,150,000.00	
Others	15,297,835.43	
Total	**466,447,835.43**	**3,114,021,020.85**

(5) Cash received relating to other financing activities

Item	Year ended 31/12/2020	Year ended 31/12/2019
Cash receipt from bond issuance	13,199,266,407.50	1,498,800,000.00

(6) Other cash paid relating to financing activities

Item	Year ended 31/12/2020	Year ended 31/12/2019
Payment of finance lease payments	34,791,823.17	49,503,965.86
Payment for share repurchase	30,102,338.97	42,653,335.50
Security deposits for contracts		68,479,321.82
Other	47,708,324.05	12,496,081.28
Total	**112,602,486.19**	**173,132,704.46**

60. Supplement to cash flows statement

(1) Supplement to cash flows statement

Item	Year ended 31/12/2020	Year ended 31/12/2019
I. Reconciliation of net profit to cash flow from operating activities:		
Net profit	6,103,918,052.46	5,012,673,897.87
Add: Impairment for assets	827,489,419.04	1,434,329,163.69
Credit impairment loss	341,982,529.63	235,676,386.11
Depreciation of fixed assets	4,576,797,794.50	4,137,828,483.56
Amortization of intangible assets	135,243,814.08	113,911,953.13
Amortization of long-term deferred expenses	155,847,906.24	157,299,905.57
Losses on disposal of fixed assets, intangible assets, and other long-term assets (Gain as in "-")	9,890,379.23	-1,382,204.06

Item	Year ended 31/12/2020	Year ended 31/12/2019
Loss on retirement of fixed assets (Gain as in "-")	47,137,042.00	18,928,639.15
Losses on changes in fair value(Gain as in "-")	-286,915,936.00	-27,331,582.10
Financial expenses (Gain as in "-")	772,394,855.22	270,468,281.25
Investment losses(Gain as in "-")	26,192,466.45	-20,752,318.89
Decrease in deferred tax assets (Increase as in "-")	-772,834,310.15	-838,669,146.42
Increase in deferred tax liabilities (Decrease as in "-")	-5,673,139.63	50,207,460.38
Decrease in inventories (Increase as in "-")	-2,401,630,461.19	-5,775,387,378.74
Decrease in operating receivables (Increase as in "-")	-3,415,569,969.88	-4,768,945,377.05
Increase in operating payables (Decrease as in "-")	11,747,641,389.69	12,637,959,848.72
Others	567,990,800.27	835,138,544.63
Net cash flows from operating activities	18,429,902,631.96	13,471,954,556.80
2. Significant investment or finance activities not involving cash:		
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
3. Net increase / (decrease) in cash and cash equivalents:		
Cash as at 31/12/2020	63,431,985,986.90	23,200,055,644.02
Less: cash as at 31/12/2019	23,200,055,644.02	3,688,654,649.03
Add: cash equivalents at 31/12/2020		
Less: cash equivalents at 31/12/2019		
Net increase in cash and cash equivalents	40,231,930,342.88	19,511,400,994.99

(2) Composition of cash and cash equivalents

Item	2020.12.31	2019.12.31
1.Cash	63,431,985,986.90	23,200,055,644.02
Including: Cash on hand	290,641.78	177,791.29
Cash in bank readily available for payment	63,431,695,345.12	23,199,877,852.73
2. Cash equivalents		
Include: Bonds investment with maturity in 3 months		
3. Cash and cash equivalents as at 31/12/2019	63,431,985,986.90	23,200,055,644.02
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Company		

61. Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2020	Reason of restriction
Cash and bank balances	4,992,130,066.77	Pledged deposit certificates and deposits for bank loans; deposits for issuing Bank acceptance bills, guarantees, letters of credit; time deposits; interest on bank deposits accrued by the effective interest rate method and others
Notes receivable	130,741,229.52	Pledged but not yet due notes receivable
Trading financial assets	480,000,000.00	Security deposits for issuing bank acceptance bills
Inventories	621,084,706.59	Pledge the warehouse receipt to the bank to obtain a loan
Fixed assets	2,914,872,297.91	Machinery & equipment and buildings as collateral to obtain comprehensive banking facility and loans
Intangible assets	581,912,881.23	Land use rights as collateral to obtain comprehensive banking facility and loans
Construction in progress	228,351,666.50	Construction in progress as collateral to obtain loans from the lessor
Total	**9,949,092,848.52**	

62. Items in foreign currency

(1) Items in foreign currency

Item	Foreign currency as of 31/12/2020	Conversion rate	Translated in RMB as of 31/12/2020
Cash and bank balances			
Including: USD	1,512,427,832.87	6.5249	9,868,440,366.81
HKD	273,986,931.82	0.8416	230,587,401.82
CAD	593.24	5.1161	3,035.08
EUR	196,205,629.63	8.0250	1,574,550,177.78
JPY	1,261,376,091.00	0.0632	79,764,378.49
SGD	2,741,993.07	4.9314	13,521,864.63
IDR	9,363,369,331.42	0.0005	4,331,452.33
Accounts receivable			
Including: USD	18,452,014.63	6.5249	120,396,979.89
EUR	62,756,215.88	8.0250	503,618,632.61
Accounts payable			
Including: USD	14,118,752.17	6.5249	92,123,446.05
EUR	1,802,848.16	8.0250	14,467,856.50
JPY	15,332,000.00	0.0632	969,534.35

Item	Foreign currency as of 31/12/2020	Conversion rate	Translated in RMB as of 31/12/2020
IDR	146,685,026.00	0.0005	67,862.92
Other receivables			
Including: HKD	106,029,711.51	0.8416	89,234,616.70
CAD	60,000,000.00	5.1161	306,966,000.00
USD	24,913.16	6.5249	162,555.88
EUR	806,171.03	8.0250	6,469,522.52
JPY	19,549,318.00	0.0632	1,236,220.67
IDR	43,763,993,600.00	0.0005	20,247,141.37
Other payables			
Including: HKD	13,000.00	0.8416	10,941.14
USD	1,518,005.14	6.5249	9,904,831.73
EUR	1,231,122.69	8.0250	9,879,759.59
JPY	2,413,481.00	0.0632	152,618.88
IDR	1,025,941,037.68	0.0005	474,645.29
Short-term loans			
Including: USD	192,232,594.42	6.5249	1,254,301,011.95
EUR	129,000,000.00	8.0250	1,035,225,000.00
Bonds payable			
Including: USD	1,497,344,802.84	6.5249	9,770,025,104.05
Long-term loans			
Including: USD	215,380.00	6.5249	1,405,332.96
EUR	10,000,000.00	8.0250	80,250,000.00

63. Hedge

Disclosure of qualitative and quantitative information of hedged items and related hedging instruments and hedging risks according to the type of hedge:

(1) During the reporting period, the Company conducted hedging transactions by using metal futures contracts as hedging instruments and certain expected purchase transactions as hedged items, in order to avoid the inventories market price fluctuations undertaken by the Company. Expected purchase of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

(2) During the reporting period, the Company conducted hedging transactions by using metal futures contracts as hedging instruments and certain expected sale transactions as hedged items, in order to avoid the inventories market price fluctuations undertaken by the Company. Expected sale of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

(3) During the reporting period, the Company conducted hedging transactions by using forward foreign exchange settlement contracts as a hedging instruments and certain expected purchase payments as hedged items, in order to avoid the Company's commitment to fluctuations in foreign exchange rate. Expected purchase of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

The Company uses the ratio analysis method to evaluate the effectiveness of hedge. As of December 31, 2020, the gain from changes in fair value of cash flow hedging instruments that had been included in other comprehensive income was RMB 1,098,956,635.14 (2019: RMB 806,714,714.11).

VI. Changes in scope of consolidation

1. Business combinations not under common control

During the year, there was no business combination not under common control.

2. Business combination under common control

There was no business combination under common control during the year.

3. Disposal of subsidiary

During the year, there was no disposal of subsidiaries.

4. Other

Company name	**Reason for change**
Fujian Mindong Contemporary Rural Investment Development Partnership (Limited Partnership)	New incorporation
Ningde Runkang Technology Co., Ltd.	New incorporation
Contemporary Ruiding Development Co., Ltd.	New incorporation
Xiamen Contemporary Sikang New Energy Research Institute Co., Ltd.	New incorporation
Ningde Contemporary New Energy Industry Investment Co., Ltd.	New incorporation
CATL US INC	New incorporation
Contemporary Amperex Technology Kentucky, LLC	New incorporation
Ningbo Puqin Contemporary Co., Ltd.	New incorporation
CATL-Geely (Sichuan) Power Battery Co., Ltd.	New incorporation

VII. Interests in other entities

1. Interests in subsidiaries

(1) Structure of the group

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Qinghai Contemporary Amperex Technology Limited (Note 1)	Xining City	Xining City	Manufacturing	68.75		Set-up
Contemporary Lithium Power Limited (Note 1)	Ningde City	Ningde City	Manufacturing	54.55		Set-up
Guangdong Brunp Recycling Technology Co., Ltd.	Foshan City	Foshan City	Manufacturing	52.8751		Business combination not under common control
Hunan Brunp Recycling Technology Co., Ltd.	Changsha City	Changsha City	Manufacturing		100.00	Business combination not under common control
Hunan Brunp Vehicle Recycling Co., Ltd.	Changsha City	Changsha City	Manufacturing		100.00	Business combination not under common control
Foshan Sanshui Brunp Resource Recycling Co.,Ltd.	Foshan City	Foshan City	Trading		100.00	Business combination not under common control
Brunp (China) Recycling Technology Co., Limited	Hong Kong	Hong Kong	Trading, investment		100.00	Business combination not under common control
Contemporary Amperex Technology GmbH	Germany	Germany	R&D and sales	100.00		Business combination not under common control
Beijing Lithium Contemporary Amperex Technology Limited	Beijing	Beijing	Sales	100.00		Set-up
Jiangsu Contemporary Amperex Technology Limited	Liyang, Jiangsu	Liyang, Jiangsu	Manufacturing	100.00		Set-up
Contemporary Amperex Technology (Hong Kong) Limited	Hong Kong	Hong Kong	Investment	100.00		Set-up

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Pingnan Contemporary Advanced Materials Technology Limited	Ningde City	Ningde City	Manufacturing	100.00		Set-up
Ningde Contemporary Amperex Supply Chain Management Co., Ltd	Ningde City	Ningde City	Service industry	100.00		Set-up
Ningde RunYuan Power Technology Co., Ltd.	Ningde City	Ningde City	Service industry	100.00		Set-up
Ningbo Meishan bonded area Wending Investment Co., Ltd	Ningbo City	Ningbo City	Investment	100.00		Set-up
United Auto Battery Co., Ltd.	Liyang City	Liyang City	Manufacturing	51.00		Set-up
Contemporary Amperex Technology France	France	France	Sales, R&D		100.00	Set-up
Dongguan Runyuan New Energy Technology Limited	Dongguan	Dongguan	Service industry	100.00		Set-up
Contemporary Amperex Technology Canada Limited	Canada	Canada	Investment		100.00	Set-up
Contemporary Amperex Technology (USA) , Inc.	United States	United States	Sales, R&D		100.00	Set-up
Contemporary Amperex Technology Japan KK	Japan	Japan	Sales, R&D		100.00	Set-up
Dongfeng Amperex (Wuhan) Battery System Co., Ltd.	Wuhan City	Wuhan City	Manufacturing	50.00		Set-up
Ningde Runhe Industry Limited	Ningde City	Ningde City	Service industry	100.00		Set-up
Guangzhou Chunhe Runhe Automobile Sales Co.,Ltd	Guangzhou City	Guangzhou City	Trading		100.00	Set-up
Shenzhen Chunhe Runhe Automobile Sales Co.,Ltd	Shenzhen City	Shenzhen City	Trading		100.00	Set-up
Guangzhou Chunhe Runsheng Automobile Sales Co.,Ltd	Guangzhou City	Guangzhou City	Trading		100.00	Set-up
Contemporary Amperex Technology (Hong Kong) Mining Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
CATL Mining Engineering Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
						common control
CATL Mining No.1 Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
CATL Mining No.2 Limited	Hong Kong	Hong Kong	Trading		100.00	Business combination not under common control
Contemporary Amperex Technology Luxembourg S.à r.l.	Luxembourg	Luxembourg	Investment		100.00	Business combination not under common control
Contemporary Amperex Technology Thuringia GmbH	Germany	Germany	Manufacturing		100.00	Set-up
CATL-GAC EV Battery Co., Limited	Guangzhou City	Guangzhou City	Manufacturing	51.00		Set-up
Ningde Brunp Recycling Technology Co., Ltd.	Ningde	Ningde	Manufacturing		100.00	Set-up
Ningde Anpu Environmental Technology Co., Ltd.	Ningde	Ningde	Manufacturing		100.00	Set-up
HK Brunp Resource Recycling Technology co., Limited	Hong Kong	Hong Kong	Trading		100.00	Set-up
Ningbo Brunp Recycling Technology Co., Ltd.	Ningbo	Ningbo	Trading		100.00	Set-up
Hong Kong Brunp Contemporary Amperex Co., Ltd.	Hong Kong	Hong Kong	Trading, investment		100.00	Set-up
Ningbo Brunp Times New Energy Co.,Ltd.	Ningbo	Ningbo	Trading, investment	49.00	51.00	Set-up
Indonesia Puqing Recycling Technology Co., Ltd.	Indonesia	Indonesia	Manufacturing		70.00	Set-up
CATL- KSTAR SCIENCE & TECHNOLOGY CO., LTD	Ningde City	Ningde City	Manufacturing	51.00		Set-up
Sichuan Contemporary Amperex Technology Co., Ltd.	Yibin City	Yibin City	Manufacturing	100.00		Set-up
Ningde Amperex Financial Leasing Co., Ltd.	Ningde City	Ningde City	Leasing	75.00	25.00	Set-up

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Longyan Sikang New Material Co., Ltd.	Longyan City	Longyan City	Manufacturing	51.00		Business combination not under common control
CATL-SICONG Advanced Materials Technology Limited	Longyan City	Longyan City	Manufacturing		100.00	Set-up
CATL-FAW Auto Battery Co., Limited	Ningde City	Ningde City	Manufacturing	51.00		Set-up
CATL-GEELY EV Battery Co., Limited	Hangzhou City	Hangzhou City	Manufacturing	51.00		Set-up
Fujian Mindong Contemporary Rural Investment Development Partnership (Limited Partnership)	Ningde City	Ningde City	Investment	49.90	0.10	Set-up
Ningde Runkang Technology Co., Ltd.	Ningde City	Ningde City	Manufacturing	100.00		Set-up
Contemporary Ruiding Development Co., Ltd.	The British Virgin Islands	The British Virgin Islands	Service industry		100.00	Set-up
Xiamen Contemporary Sikang New Energy Research Institute Co., Ltd.	Xiamen	Xiamen	Sales, R&D	35.00	65.00	Set-up
Ningde Contemporary New Energy Industry Investment Co., Ltd.	Ningde City	Ningde City	Investment	100.00		Set-up
CATL US INC	United States	United States	Manufacturing		100.00	Set-up
Contemporary Amperex Technology Kentucky, LLC	United States	United States	Manufacturing		100.00	Set-up
Ningbo Puqin Contemporary Co., Ltd.	Ningbo City	Ningbo City	Trading, investment		60.00	Set-up
CATL-Geely (Sichuan) Power Battery Co., Ltd.	Yibin City	Yibin City	Manufacturing		100.00	Set-up

Note:

Note 1: Other shareholder of the Company's subsidiaries, Qinghai Contemporary and Contemporary Lithium Power is CDB Development Fund and do not participate in the daily management of the subsidiary, without appointment of any directors, supervisors and senior management personnel, the Company actually owns 100% of the voting rights of the subsidiaries. Details refer to Note V. 35, Long-term payables Note 1.

(2) Significant non-wholly-owned subsidiaries

Unit: RMB ten thousand

Name of subsidiary	Percentage of minority interest %	Profit attributable to minority during the period	Dividend declared to minority	Balance of minority interests as at 31/12/2020
Hunan Brunp	47.1249	19,065.35		116,713.82

(3) Financial information of significant non-wholly-owned subsidiaries

Unit: RMB ten thousand

Name of subsidiary	2020.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Brunp	396,518.78	187,976.89	584,495.67	293,018.21	43,808.12	336,826.33

(Continued) (1) :

Name of subsidiary	2019.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Brunp	345,973.29	140,468.17	486,441.46	241,369.64	37,510.64	278,880.28

(Continued) (2) :

Name of subsidiary	Year ended 31/12/2020				Year ended 31/12/2019			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Hunan Brunp	453,884.76	40,457.11	40,038.27	-21,626.33	515,491.98	63,862.71	63,761.37	8,580.24

(4) Transactions that a change in owner's equity of subsidiaries and the Company's still control the subsidiaries

Changes in the subsidiary's equity

The Company previously held 95% equity of Runyuan Power. In March 2020, the Company acquired the remaining 5% minority interests of Runyuan Power. This transaction resulted in a decrease of RMB 493,749.00 in the Company's capital reserve.

The impact of the transaction on minority interests and equity attributable to the parent company

Item	Runyuan Power
Acquisition cost:	2,500,000.00
Cash	2,500,000.00
Less: Share of net assets in subsidiary according to shareholding ratio	2,006,251.00
Difference	493,749.00
Including: Adjustment to capital reserve	493,749.00

2. Equity interest in joint ventures or associates

(1) Significant associates joint ventures or associates

Associates	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Accounting treatment of investment in associates
				Direct	Indirect	
SAIC-CATL EV Battery System Co.Ltd	Liyang, Jiangsu	Liyang, Jiangsu	Manufacturing	49.00		Equity method

(2) Financial information of significant associates

Unit: RMB ten thousand

Item	SAIC-CATL EV Battery System Co.Ltd	
	2020.12.31	2019.12.31
Current assets	75,865.38	73,898.76
Non-current assets	23,454.82	23,713.23
Total assets	**99,320.20**	**97,611.99**
Current liabilities	44,721.48	51,138.83
Non-current liabilities	18,357.12	13,084.36
Total liabilities	**63,078.60**	**64,223.19**
Net assets	36,241.60	33,388.80
Including: Minority interests		
Owners' equity attributable to the parent company	36,241.60	33,388.80
Share of net assets calculated according to shareholding ratio	17,758.39	16,360.51
Adjustment	-26.99	645.80
Including: Other	-26.99	645.80
Carrying amount for equity investment in associates	17,731.40	17,006.31
Fair value of equity investment with public quote		

(Continued) :

Item	SAIC-CATL EV Battery System Co.Ltd	
	Year ended 31/12/2020	Year ended 31/12/2020
Operating income	72,674.90	76,938.50
Net profit	5,352.47	3,222.17
Other comprehensive income		
Total comprehensive income	5,352.47	3,222.17
Dividends received by the Company from associate in the current period		

VIII. Financial instrument and risk management

The Company’s financial instruments include cash and bank balances, accounts receivable, notes receivable, other receivables, other current assets, trading financial assets, accounts payable, notes payable, dividend payable, other payables, short-term loans, non-current liabilities due within one year, long term loans and long-term payables. The details of various financial instruments have been disclosed in the relevant notes. Risks associated with these financial instruments, as well as the Company's risk management policies meant to mitigate these risks are described below. The Company's management managed and monitored these risk exposures to ensure the above risks are controlled within certain limits.

1. Risk management objectives and policies

The Company's objective in risk management is to obtain an appropriate balance between risk and profits, and strive to reduce the adverse impact of the financial risk on the Company's financial performance. Based on this objective, the Company has developed the risk management policy to identify and analyze the risks that the Company is facing, set the appropriate tolerable level of risks and design the internal control process to monitor the risk level. The Company reviews the risk management policy and relevant internal control system to adapt to the changes of market or operations regularly. The Company’s internal audit department also regularly or randomly performs tests to check whether the operations of internal control system in accordance with the risk management policy.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (including interest rate risk, foreign exchange rate risk and other commodity price risk).

The Board of Directors is responsible for the planning and establishment of the Company's risk management structure, the development of the Company's risk management policies and guidelines and the monitoring of the implementation of risk management measures. The Company has developed risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks, covering many aspects of credit risk, liquidity risk and market risk management. The Company regularly evaluates the market environment and changes in the Company's operating activities to determine whether the risk management policies and systems are updated. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and circumvents the risks by working closely with other business units of the Company. The internal audit department of the Company conducts regular audits on risk management control and procedures and reports the results of the audit to the Audit Committee of the Company.

The Company diversifies the risk of financial instruments through appropriate diversified investments and business combinations and reduces the risk of focusing on any single industry, specific region, or specific counterparty by developing appropriate risk management policies.

(1) Credit risk

Credit risk is the risk that a counterparty of financial assets will cause a financial loss for the Company by failing to discharge an obligation.

The Company managed the credit risk by groups. Credit risk mainly came from bank, notes receivable, accounts receivable and other receivables.

The bank deposits of the Company mainly deposited in a financial institution with a good reputation and a high credit rating. The Company expects that there is no significant credit risks exist on the bank deposit.

For notes receivable, accounts receivable and other receivables, the Company makes relevant policies to control credit risk exposures. The Company assesses the quality of debtors' credit rating and set their credit limits and credit period based on the debtors' financial position, agencies rating, the probability of guarantee from the third party, credit history and other factors such as current market condition. The Company monitors the debtors' credit records regularly and ensures its overall credit risk within controllable range by written reminders, shorten or cancel credit periods to the debtors with bad credit history.

The debtors of the Company's accounts receivable are customers distributed in different industries and regions. The Company continues to perform credit assessments on the financial status of accounts receivable and purchase credit guarantee insurance when appropriate.

The maximum exposure to credit risk borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantee that may expose the Company to credit risk.

Accounts receivable due from the top five customers of the Company account for 48.06% of total accounts receivable (2019: 39.51%); other receivables due from the top five customers of the Company account for 78.75% of total other receivables (2019: 92.82%).

(2) Liquidity risk

Liquidity risk is the risk that the Company is short of funds to deliver cash or other financial assets or meet settlement obligations.

To manage liquidity risk, the Company maintains cash and cash equivalents at a level that the management considers adequate and monitors them so as to meet its operation demand as well as to reduce the effect of cash flow fluctuations. The management is responsible for monitoring the usefulness of bank loans to ensure it complies with the covenants in loan agreements. Meanwhile, the management obtains the commitment from the principal financial institutions to provide enough surplus in reserve to satisfy the Company's short and long-term fund demands.

The Company finances working capital with funds arising from operation and bank and other borrowings. As at December 31, 2020, the available loan limit for withdrawal by the Company is RMB 100,802 million (31/12/2019: RMB 73,026 million).

As at year end, the analysis of due date of the Company's financial assets, financial liabilities by undiscounted cash flow of remaining contracts are as follow (unit: RMB ten thousand):

Item	2020.12.31			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Short-term loans	633,508.02			633,508.02
Bills payable	1,563,658.95			1,563,658.95
Accounts payable	1,563,484.43			1,563,484.43
Other payables	323,826.44	116,951.19		440,777.63
Non-current liabilities due within one year	134,903.87			134,903.87
Long-term loans		606,816.33		606,816.33
Bonds payable		1,112,082.32	326,143.28	1,438,225.60
Long-term payables		44,393.86	75,000.00	119,393.86
Total	**4,219,381.71**	**1,880,243.70**	**401,143.28**	**6,500,768.69**

As at beginning of the year, the analysis of due date of the Company's financial assets, financial liabilities and other off-balance sheet guarantees by undiscounted cash flow of remaining contracts are as follow (unit: RMB ten thousand):

Item	2019.12.31			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Short-term loans	212,564.67			212,564.67
Financial liabilities at fair value through profit or loss	28,691.59			28,691.59
Bills payable	1,742,019.78			1,742,019.78
Accounts payable	1,069,213.75			1,069,213.75
Other payables	335,808.52	194,022.38		529,830.90
Non-current liabilities due within one year	107,746.85			107,746.85
Long-term loans		498,056.32		498,056.32
Bonds payable		150,833.92		150,833.92
Long-term payables		62,361.86	25,000.00	87,361.86
Total	**3,496,045.16**	**905,274.48**	**25,000.00**	**4,426,319.64**

(3) Market risk

Market risk of financial instrument is the risk of fluctuation in the fair value or future cash flow due to changes of market price, including interest rate risk, foreign exchange rate risk and other pricing risk.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flow of financial instrument due to the changes of market interest rate. Interest rate risk can come from the recognized interest-bearing financial instruments and unrecognized financial instruments (such as loan commitments).

Interest rate risk of the Company mainly arises from interest bearing borrowings, such as long-term bank loans and long-term payables. A financial liability with floating interest rates causes interest rate risks in cash flow to the Company; and a financial liability with fixed interest rates causes interest rate risks in fair value to the Company. The Company determines the proportion of bank loans with fixed and floating interest rate according to current market situation and maintains the appropriate combination of the instruments with fixed and floating interest rate by regular review and monitoring.

The Company pays close attention to the effect of interest rate changes on the Company's interest rate risk. The Company does not adopt any interest rate hedge, but the management is responsible for monitoring interest rate risk and will consider hedging on significant interest rate risk. The rise in interest rates will increase the cost of new interest-bearing debts and the interest expenses of interest-bearing debts that have not been paid by the Company at floating interest rates, and will have a significant adverse impact on the Company's financial results. The management will rely on the latest market. The situation is adjusted in a timely manner. These adjustments may be arranged for interest rate swaps to reduce interest rate risk.

Foreign exchange rate risk

Foreign exchange rate risk is the risk of fluctuation of financial instrument fair value or future cash flow fluctuation due to the changes of foreign exchange rate. Foreign exchange rate risk can arise from financial instruments measured at foreign currencies other than the functional currency.

The main operations of the Company are within China and mainly settled in RMB. However, assets and liabilities denominated in foreign currencies recognized by the Company and the future foreign currency transactions (Foreign currency assets and liabilities and foreign currency transactions are primarily denominated in USD or EUR) are still having exchange risk.

The Company's foreign currency financial assets and foreign currency financial liabilities as of 31/12/2020 are presented in Note V. 62 "Items in foreign currency".

Other pricing risk

Other price risk is the risk of fluctuation due to the changes of market price, besides of foreign exchange risk and interest rate risk, no matter whether the change is caused by individual financial instrument or factors relating to issuer or all similar financial instruments traded in the market. Other pricing risk may be affected by the changes in price of goods or equity instrument.

The Company's investments in equity of listed securities as classified as investment in other equity instruments are measured at fair value on balance sheet date, and the Company undertakes the fluctuation risk of stock market.

The Company pays close attention to the effect of price changes on the Company's price risk of equity security investment. The Company does not take any measure to avoid other price risk. However, the management is responsible for monitoring other price risk and will consider in holding a portfolio of multiple equity securities in order to mitigate the price risk of equity security investment.

2. Capital management

The purpose of the Company's capital management policy is to ensure the Company is going concern so as to provide returns to the shareholders and benefit other stakeholders and maintain the optimal capital structure to reduce capital cost.

To maintain or adjust the capital structure, the Company may adjust the sources of financing, amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or other equity, or sell assets to reduce debts.

The Company monitors capital structure on the basis of asset-liability ratio (Total liabilities divided by total assets). As at December 31, 2020, the Company's asset-liability ratio is 55.82%(31 December 2019: 58.37%).

IX. Fair value

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1: unadjusted quoted prices in active market for identical assets or liabilities.

Level 2: inputs other than Level 1 inputs that are either directly (i.e. price) or indirectly (i.e. derived from the price) observable for underlying assets or liabilities.

Level 3: inputs that are unobservable for underlying assets or liabilities.

(1) Item and amount measured at fair value

As at December 31, 2020, assets and liabilities measured at fair value are shown as follows, (unit: RMB ten thousand)

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Trading financial assets		328,807.15		328,807.15
(II) Derivative instruments	133,034.71			133,034.71
(III) Other equity instruments investment	39,355.57		160,347.13	199,702.70
Total assets measured at fair value on a recurring basis	**172,390.28**	**328,807.15**	**160,347.13**	**661,544.56**
II. Non-recurring fair value measurements				

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Identifiable assets of acquiree in business combination not under common control		1,596,361.75		1,596,361.75
Total assets measured at fair value on a non-recurring basis		**1,596,361.75**		**1,596,361.75**
Identifiable liabilities of acquiree in business combination not under common control		851,210.20		851,210.20
Total liabilities measured at fair value on a non-recurring basis		**851,210.20**		**851,210.20**

Note 1: Identifiable assets and liabilities of the acquiree in business combination not under common control obtained by the Company is generated from the business combination of Guangdong Brunp and Longyan Sikang.

X. Related party and transactions

1. The Company's controlling shareholder and actual controlling party

The controlling shareholder of the Company is Ruiting Investment. As of December 31, 2020, its shareholding ratio in the Company was 24.53%.

The actual controllers of the company are Zeng Yuqun and Li Ping. As of December 31, 2020, Zeng Yuqun held 100% equity of Ruiting Investment, the Company's controlling shareholder, and indirectly held 24.53% of the Company's shares. Li Ping directly holds 4.81% of the Company's shares. They are agreed to act in concert, and hold totally 29.34% of the Company's shares.

2. Subsidiaries

The Company’s subsidiaries refer to note VII.1.

3. Joint ventures and associates

Significant joint ventures and associates refers to Note VII.2.

Joint ventures and associates that have related party transactions with the Company during this year or the previous year are as follows:

Joint ventures or associates	Relationship with the Company
VALMET AUTOMOTIVE OY	Associates
NORTH AMERICAN LITHIUM INC	Associates, the Company's financial director Zheng Shu serves as its director
Fujian Contemporary Nebula Energy Technology Ltd.	Associates, the Company's vice chairman and deputy general manager Huang Shilin served as chairman

Joint ventures or associates	Relationship with the Company
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	Associates
GAC-CATL EV Battery System Co.Ltd	Associates, the Company's deputy general manager Tan Libin serves as chairman and Feng Chunyan serves as director
Qujing Lintie Technology Co., Ltd.	Associates
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	Associates
SAIC-CATL EV Battery System Co.Ltd	Associates, the Company director and general manager Zhou Jia as its director, and company deputy general manager Wu Kai as its director
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	Associates, the Company's chief financial officer Zheng Shu serves as its director, and the Company’s supervisor Feng Chunyan serves as its director
Senta (Chengdu) New Energy Technology Co.,Ltd	A subsidiary of a joint venture
PT.QMB NEW ENERGY MATERIALS	Associates
Yibin Tianyi Lithium Industry Co., Ltd.	Associates
Xinneng Yishite (Yangzhou) Technology Co., Ltd.	Associates
VEINSTONE INVESTMENT LIMITED	Associates
Henan Yuexin Contemporary New Energy Technology Co., Ltd.	Associates
Fujian Yongfu Electric Power Design Co., Ltd.	Associates
Fujian Hongda Contemporary New Energy Technology Co., Ltd.	Associates
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	Associates
Fujian Ningde Huixiang Unlimited Technology Co., Ltd.	A subsidiary of an associates
Guangzhou Xunde Contemporary New Energy Technology Co., Ltd.	A subsidiary of a joint venture
Shanghai Tujin New Energy Technology Co., Ltd.	A subsidiary of an associates

4. Related party transactions

(1) Sale and purchase with related party

① Purchase of goods and receiving services

Related party	Related party transaction	Year ended 31/12/2020	Year ended 31/12/2019
NORTH AMERICAN LITHIUM INC	Spodumene		83,949,317.24
Fujian Contemporary Nebula Energy Technology Ltd.	Energy storage electrical related products and project construction services	3,758,539.80	16,190,000.00
Qujing Lintie Technology Co., Ltd.	Battery material	42,117,518.80	
Fujian Yongfu Electric Power Design Co., Ltd.	Purchase equipment	35,000.00	
Yibin Tianyi Lithium Industry Co., Ltd.	Battery material	1,893,803.23	
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	Wastewater treatment	22,930,737.51	2,672,170.63
VALMET AUTOMOTIVE OY	Consulting service fee		39,799,177.00

② Sale of goods and rendering of services

Related party	Related party transaction	Year ended 31/12/2020	Year ended 31/12/2019
SAIC-CATL EV Battery System Co.Ltd	Power battery system, consulting service	327,034,451.73	544,891,765.71
Senta (Chengdu) New Energy Technology Co.,Ltd	Energy storage battery system		2,504,273.51
Fujian Contemporary Nebula Energy Technology Ltd.	Energy storage battery system	38,613,124.99	3,495,575.23
GAC-CATL EV Battery System Co.Ltd	Consultation service	943,396.23	1,179,245.28
Xinneng Yishite (Yangzhou) Technology Co., Ltd.	Energy storage battery system	1,343,462.39	
Fujian Ningde Huixiang Unlimited Technology Co., Ltd.	Power battery system	503,871,680.94	
Guangzhou Xunde Contemporary New Energy Technology Co., Ltd.	Rental income, after-sales service income	22,546.90	
Shanghai Tujin New Energy Technology Co., Ltd.	Power battery system	3,557,003.56	
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	Power battery system	300,765,401.84	
Qujing Lintie Technology Co., Ltd.	Consultation service	1,583,847.34	
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	Energy storage battery system, consulting services	408,974.25	141,415,276.13

(2) Key management personnel remuneration

The Company's key management personnel remuneration is shown in the table below:

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Headcount	Remuneration (RMB ten thousand)	Headcount	Remuneration (RMB ten thousand)
Key management personnel remuneration	13	1,364.50	13	2,009.93

(3) Information of guarantee

① The Company as guarantor

Guarantee	Guaranteed amount	Start date	Guarantee period	Whether guarantee expired
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	100,000,000.00	July 12, 2019	15 years	No

(4) Other related party transaction

Item	Investee	Investment amount	Shareholding ratio
Joint investment with related party	Ningbo Puqin Contemporary Co., Ltd.	60,000,000.00	60%

Note: The Company's subsidiary, Ningbo Brunp Contemporary New Energy Technology Co., Ltd., has entered into agreement with Ruiting Investment and Ningbo Lile New Energy Co., Ltd. to jointly establish Ningbo Puqin Contemporary Co., Ltd. with registered capital of RMB 100.00 million, of which Ningbo Brunp Contemporary New Energy Technology Co., Ltd. invested RMB 60 million in cash, holding 60% of the shares, and Ruiting Investment invested RMB 10 million in cash, holding 10% of the shares. As Ruiting Investment is the controlling shareholder of the Company, this investment transaction constitutes a joint investment with related party.

5. Receivables and payables with related party

(1) Receivables from related party

Item	Related party	2020.12.31		2019.12.31	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	SAIC-CATL EV Battery System Co.Ltd	126,906,164.48	1,002,482.29	167,379,411.02	9,736.74
Accounts receivable	Fujian Contemporary Nebula Energy Technology Ltd.	7,000,729.32	59,107.82		
Accounts receivable	Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	15,209,445.00	128,414.78		
Accounts	Senta (Chengdu) New			2,904,957.27	5,645.98

Item	Related party	2020.12.31		2019.12.31	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
receivable	Energy Technology Co.,Ltd				
Accounts receivable	Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	16,362,987.10	2,986,186.56	63,717,897.60	123,839.99
Accounts receivable	GAC-CATL EV Battery System Co.Ltd			500,000.00	971.78
Accounts receivable	Qujing Lintie Technology Co., Ltd.	643,979.07	5,437.18		
Accounts receivable	Xinneng Yishite (Yangzhou) Technology Co., Ltd.	151,811.25	1,281.76		
Prepayments	Qujing Lintie Technology Co., Ltd.	121,155,218.00		92,600,000.00	
Prepayments	Yibin Tianyi Lithium Industry Co., Ltd.	241,595.00			
Contract assets	Fujian Contemporary Nebula Energy Technology Ltd.	395,000.00	3,335.02		
Contract assets	Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	2,000,000.00	16,886.19		
Other receivables	VEINSTONEINVESTMENTLIMITED	89,148,307.54			
Other receivables	Henan Yuexin Contemporary New Energy Technology Co., Ltd.	10,000,000.00			
Other receivables	PT.QMBNEWENERGYMATERIALS	16,490,476.48			
Other receivables	North American Lithium Inc.	286,501,600.00	286,501,600.00	299,157,600.00	192,315,600.00
Other non-current assets	Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	28,560,595.00			
Other non-current assets	Fujian Yongfu Electric Power Design Co., Ltd.	5,317,160.00			

(2) Payables to related party

Item	Related party	2020.12.31	2019.12.31
Accounts payable	North American Lithium Inc.	5,279,866.87	5,645,053.14
Accounts payable	Fujian Contemporary Nebula Energy Technology Ltd.	889,087.78	4,790,634.81
Accounts payable	Qujing Lintie Technology Co., Ltd.	25,048,106.30	
Accounts payable	Fujian Yongfu Electric Power Design Co., Ltd.	344,000.00	
Advances from customers	Fujian Contemporary Nebula Energy Technology Ltd.		8,435,000.00
Advances from	Shanghai Ronghe Dianke Financial		143,033,280.00

Item	Related party	2020.12.31	2019.12.31
customers	Leasing Co., Ltd.		
Contract liabilities	Fujian Ningde Huixiang Unlimited Technology Co., Ltd.	135,361,998.73	
Contract liabilities	Fujian Hongda Contemporary New Energy Technology Co., Ltd.	7,098,964.25	
Other payables	Xinneng Yishite (Yangzhou) Technology Co., Ltd.	10,000,000.00	
Other payables	Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	602,311.98	820,305.16

XI. Share-based payments

1. Information about share-based payments

Total amount of equity instruments granted during the year	104,764,287.00
Total amount of equity instruments exercised during the year	304,951,832.85
Total amount of equity instruments forfeited during the year	20,578,548.36
Range of exercise price and residual life of outstanding equity instruments at the end of the year	1) In December 2015, the Company's equity incentive granted to Borui Ronghe, Borui Rongtong, Runtai Hongyu, Hengyuan Ruihua, Rongyuan Hongshun, and Hengtai Ruifu are approved for exercise price of RMB 2.125 per share. 2) In August 2018, the exercise price of equity incentives granted by the Company through the issuance of restricted stocks is RMB 35.15 per share, and the term of the grant does not exceed five years. 3) In September 2019, the exercise price of the equity incentive granted by the Company through the issuance of restricted stocks is RMB 35.53 per share, and the term of the grant does not exceed five years.

Note: According to the resolution of the third extraordinary shareholders meeting of 2020 held by the Company on October 29, 2020 and the twenty-fourth meeting of the second board of directors held on November 4, 2020, the Company determined that on the grant date of November 4, 2020, the Company granted to 4,573 incentive participants for a total of 4.52 million shares of restricted shares, with a par value of RMB 1 each and a grant price of RMB 231.86 per share.

2. Information on equity-settled share-based payments

Method in determining the fair value of equity instruments at the date of grant	1) Use "Net profit attributable to the parent company after deducting non-recurring gains and losses during a reasonable performance period" multiplied by "Reasonable price-earnings ratio determined by reference to the price-earnings ratio adopted by comparable companies in the same industry during the approximate grant date" to determine the Company's reasonable valuation, so as to determine the fair value of the shares granted, minus the price granted to the employee; or use the subscription price of the external investor at the same period of the grant date to determine the fair value of the restricted shares, minus the price granted to the employee. 2) Determined according to the Black-Scholes option pricing model (B-S model)
Basis in determining the quantity of exercisable equity instruments	Determined according to the expected turnover rate and the conditions of the right to exercise
Reason for significant difference of estimation between current year and prior year	Not applicable
Accumulated amount recorded in capital reserve for equity-settled share-based payments	944,713,723.91
Total expenses recognized for equity-settled share-based payments in the year	227,927,989.49

XII. Commitments and contingencies

1. Significant commitments

(1) Capital commitment

Capital commitments that have been signed but have not been recognised in the financial statements	**2020.12.31**	**2019.12.31**
External investment commitment	RMB 3,107.22 million	RMB 6,122.45 million

Note: As of December 31, 2020, the investment deposit has been paid for RMB 2,421.36 million.

2. Contingencies

Contingent liabilities arising from guarantee provided to other entities and related financial effects

As at December 31, 2020, the Company and its subsidiaries provided guarantees for the following loans of external party:

Unit: RMB ten thousand

Guarantee	Guarantee amount	Start date	Guarantee period	Whether guarantee expired
Qinghai Xingchuan Development and Construction Co., Ltd.	19,000.00	March 21, 2016	8 years	No
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	10,000.00	July 12, 2019	15 years	No

As at December 31, 2020, the Company provided guarantees for the following loans of subsidiary:

Unit: RMB ten thousand

Guarantee	Guarantee amount	Start date	Guarantee period	Whether guarantee expired
Pingnan Contemporary New Material Co., Ltd.	26,555.77	December 18, 2018	8 years	No
Jiangsu Contemporary Amperex Technology Limited	11,704.48	July 13, 2020	6.5 years	No
Contemporary Amperex Technology Thuringia GmbH	111,968.81	June 29, 2020	3 or 4 years	No
Longyan Sikang New Material Co., Ltd.	2,357.98	June 24, 2020	3.5 or 6 years	No
CATL-SICONG Advanced Materials Technology Limited	1,853.88	December 08, 2020	7 years	No
Sichuan Contemporary Amperex Technology Co., Ltd.	101,500.00	October 12, 2020	8 years	No
Contemporary Ruiding Development Co., Ltd.	US$500 million	September 17, 2020	10 years	No
Contemporary Ruiding Development Co., Ltd.	US$1 billion	September 17, 2020	5 years	No

As of December 31, 2020, the Company had no other contingencies that should be disclosed.

XIII. Events after balance sheet date

1. Profit appropriations after the balance sheet date

On April 26, 2021, the twenty-eighth meeting of the second board of directors reviewed and approved the "Proposal on the 2020 Profit Distribution Plan", based on the Company's total share capital of 2,329,474,028 shares on December 31, 2020, a cash of RMB 2.4 (including tax) for every 10 shares is distributed to shareholders and the total payment of cash dividend is RMB 559,073,766.72. This profit distribution plan still need the approval of shareholders' meeting.

XIV. Other significant events

1. Segment reporting

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's operations and strategies are operating as a whole, and the financial information provided to the chief operating decision makers does not contain profit or loss information for various operating activities. Therefore, the management believes that the Company has only one operating segment and does not need to prepare a segment report, so the Company does not present any segment information.

XV. Notes to significant items of financial statements of parent company

1. Notes receivable

Category	2020.12.31			2019.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	9,315,893,993.88		9,315,893,993.88	8,839,043,601.11		8,839,043,601.11
Commercial acceptance bills	101,000,000.00	852,752.55	100,147,247.45			
Total	**9,416,893,993.88**	**852,752.55**	**9,416,041,241.33**	**8,839,043,601.11**		**8,839,043,601.11**

(1) Notes receivables that have been endorsed or discounted at the end of the period and have not yet expired as at 31/12/2020

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	1,651,171,046.59	
Commercial acceptance bills	145,017,534.48	
Total	**1,796,188,581.07**	

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings. Commercial acceptance bills are used to discount to a financial company associated with customer A. The financial company associated with customer A has waived the right to recourse the commercial bill. Credit risk and deferred payment risk are minimal, and the interest rate risk associated with the bill has been transferred to banks and financial company associated with customer A. Bank granted waiver of recourse on acceptance bills from Customer B was being discounted. Therefore, the Company determined that the major risks and rewards on the ownership of the bill have been transferred, and derecognized the bills.

2. Accounts receivable

(1) Accounts receivable by ageing

Ageing	2020.12.31	2019.12.31
Within 1 year	9,900,756,882.94	7,576,897,599.15
1 to 2 years	345,206,495.12	88,247,017.30
2 to 3 years	40,940,502.96	267,306,418.92
Over 3 years	219,753,947.99	1,449,437.00
Subtotal	**10,506,657,829.01**	**7,933,900,472.37**
Less: Provision for bad debts	418,037,934.15	235,230,491.98
Total	**10,088,619,894.86**	**7,698,669,980.39**

(2) Accounts receivable by bad debt provision method

Category	2020.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	160,840,618.40	1.53	160,840,618.40	100.00	
Assessed by portfolio for provision for bad debts	10,345,817,210.61	98.47	257,197,315.75	2.49	10,088,619,894.86
Including: Receivables from external customers	9,856,516,006.08	93.81	257,197,315.75	2.61	9,599,318,690.33
Receivables from related parties within the scope of consolidation	489,301,204.53	4.66			489,301,204.53
Total	**10,506,657,829.01**	**100.00**	**418,037,934.15**	**3.98**	**10,088,619,894.86**

(Continued)

Category	2019.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	193,239,360.21	2.44	153,527,329.30	79.45	39,712,030.91
Assessed by portfolio for provision for bad debts	7,740,661,112.16	97.56	81,703,162.68	1.06	7,658,957,949.48
Including: Receivables from external customers	7,122,324,614.63	89.77	81,703,162.68	1.15	7,040,621,451.95
Receivables from related parties within the scope of consolidation	618,336,497.53	7.79			618,336,497.53
Total	**7,933,900,472.37**	**100.00**	**235,230,491.98**	**2.96**	**7,698,669,980.39**

Individually assessed for provision for bad debts:

Name	2020.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	88,533,109.69	88,533,109.69	100.00	Expected not recoverable
Debtor 2	18,002,033.35	18,002,033.35	100.00	Expected not recoverable
Debtor 3	17,438,424.00	17,438,424.00	100.00	Expected not recoverable
Debtor 4	16,337,499.76	16,337,499.76	100.00	Expected not recoverable
Debtor 5	13,879,208.57	13,879,208.57	100.00	Expected not recoverable
Total of others	6,650,343.03	6,650,343.03	100.00	Expected not recoverable
Total	**160,840,618.40**	**160,840,618.40**	**100.00**	

(Continued)

Name	2019.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	137,496,109.69	109,996,887.75	80.00	Difficult to recover in full
Debtor 2	18,002,033.35	9,001,016.68	50.00	Difficult to recover in full
Debtor 3	17,438,424.00	17,438,424.00	100.00	Litigation in progress, Expected not recoverable
Debtor 4	13,879,208.57	13,879,208.57	100.00	Expected not recoverable
Debtor 5	6,423,584.60	3,211,792.30	50.00	Difficult to recover in full
Total	**193,239,360.21**	**153,527,329.30**	**79.45**	

Provision for bad debts on portfolios:

Provision on portfolio basis: Receivables from external customers

Ageing	2020.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	9,411,562,278.30	79,462,709.94	0.84
1 to 2 years	328,535,637.04	61,512,776.64	18.72
2 to 3 years	6,820,876.71	6,624,615.14	97.12
Over 3 years	109,597,214.03	109,597,214.03	100.00
Total	**9,856,516,006.08**	**257,197,315.75**	**2.61**

(Continued)

Ageing	2019.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	6,963,091,194.41	13,533,232.43	0.19
1 to 2 years	49,597,298.26	4,210,822.27	8.49
2 to 3 years	108,186,684.96	62,509,670.98	57.78
Over 3 years	1,449,437.00	1,449,437.00	100.00
Total	**7,122,324,614.63**	**81,703,162.68**	**1.15**

(3) Additions, recoveries or reversals of provision for bad debts during the year

	Provision for bad debts
2019.12.31	235,230,491.98
Provision for the year	204,271,220.23
Recovered or reversal in the year	21,463,778.06
2020.12.31	418,037,934.15

(4) Accounts receivable due from the top five debtors as at 31/12/2020

Accounts receivable due from the top five debtors as at 31/12/2020 was totaling RMB 4,959,037,508.31, which accounted for 47.20% of total accounts receivable, and the corresponding provision for bad debts as at 31/12/2020 was totaling RMB 53,877,913.36.

3. Other receivables

Item	2020.12.31	2019.12.31
Other receivables	6,285,015,827.63	4,340,618,298.33

(1) Other receivables

① Other receivables by ageing

Ageing	2020.12.31	2019.12.31
Within 1 year	4,298,051,802.04	3,508,610,080.91
1 to 2 years	1,440,109,260.71	808,292,775.41
2 to 3 years	657,518,630.87	68,106,089.77
Over 3 years	6,332,934.01	2,606,152.24
Subtotal	**6,402,012,627.63**	**4,387,615,098.33**
Less: Provision for bad debts	116,996,800.00	46,996,800.00
Total	**6,285,015,827.63**	**4,340,618,298.33**

② Other receivables by category

Item	2020.12.31			2019.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Receivables from employees	301,142,038.02		301,142,038.02	70,727,030.33		70,727,030.33
Security deposits or deposits	39,054,290.49		39,054,290.49	35,284,885.68		35,284,885.68
Receivables from related parties within the scope of consolidation	5,738,882,424.92		5,738,882,424.92	3,135,905,824.72		3,135,905,824.72
Other receivables	322,933,874.20	116,996,800.00	205,937,074.20	1,145,697,357.60	46,996,800.00	1,098,700,557.60
Total	**6,402,012,627.63**	**116,996,800.00**	**6,285,015,827.63**	**4,387,615,098.33**	**46,996,800.00**	**4,340,618,298.33**

③ Information of provision for bad debts

A. Provision for bad debts as of December 31, 2020 are accrued according to the three-stage model as follows:

Stage	Book balance	Provision for bad debts	Carrying amount
First stage	6,255,015,827.63		6,255,015,827.63
Second stage			
Third stage	146,996,800.00	116,996,800.00	30,000,000.00
Total	**6,402,012,627.63**	**116,996,800.00**	**6,285,015,827.63**

As at 31/12/2020, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	301,142,038.02			301,142,038.02	
Security deposits or deposits	39,054,290.49			39,054,290.49	
Receivables from related party within scope of consolidation	5,738,882,424.92			5,738,882,424.92	
Other receivables	175,937,074.20			175,937,074.20	
Total	**6,255,015,827.63**			**6,255,015,827.63**	

As at 31/12/2020, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	100,000,000.00	70.00	70,000,000.00	30,000,000.00	Expected not recoverable in full
Debtor 2	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Total	**146,996,800.00**	**79.59**	**116,996,800.00**	**30,000,000.00**	

B. Provision for bad debts as of December 31, 2019 are accrued according to the three-stage model as follows:

Stage	Book balance	Provision for bad debts	Carrying amount
First stage	4,340,618,298.33		4,340,618,298.33
Second stage			
Third stage	46,996,800.00	46,996,800.00	
Total	**4,387,615,098.33**	**46,996,800.00**	**4,340,618,298.33**

As at 31/12/2019, provision for bad debts on those in first stage:

Category	**Book balance**	**Expected credit losses rate in the next 12-month (%)**	**Provision for bad debts**	**Carrying amount**	**Reason**
Provision for bad debts on portfolio basis					
Receivables from employees	70,727,030.33			70,727,030.33	
Security deposits or deposits	35,284,885.68			35,284,885.68	
Receivables from related party within scope of consolidation	3,135,905,824.72			3,135,905,824.72	
Other receivables	1,098,700,557.60			1,098,700,557.60	
Total	**4,340,618,298.33**			**4,340,618,298.33**	

As at 31/12/2019, provision for bad debts on those in third stage:

Category	**Book balance**	**Expected credit loss rate for lifetime (%)**	**Provision for bad debts**	**Carrying amount**	**Reason**
Provision for bad debts on individual item					
Debtor 1	46,996,800.00	100.00	46,996,800.00		Expected not recoverable

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	**First stage**	**Second stage**	**Third stage**	**Total**
	Expected credit loss within 12 months	**Expected credit loss for the entire duration (no credit impairment occurred)**	**Expected credit loss for the entire duration (credit impairment has occurred)**	
Balance at 1/1/2020			46,996,800.00	46,996,800.00
-- transfer to second stage				
-- transfer to third stage				
-- transfer back to second stage				
-- transfer back to first stage				
Provision for the year			70,000,000.00	70,000,000.00
Reversal in the year				
Disposal in the year				
Written-off in the year				
Other changes				
Balance at 31/12/2020			116,996,800.00	116,996,800.00

⑤ Other receivables due from the top five debtors as at 31/12/2020

Entity	Nature	Other receivables as at 31/12/2019	Ageing	Proportion to total other receivables (%)	Provision for bad debts as at 31/12/2020
Debtor 1	Receivables from related party within scope of consolidation	1,738,100,000.00	Within 1 year, 1 to 2 years, 2 to 3 years	27.15	
Debtor 2	Receivables from related party within scope of consolidation	1,289,011,740.65	Within 1 year, 1 to 2 years, 2 to 3 years	20.13	
Debtor 3	Receivables from related party within scope of consolidation	998,021,520.69	Within 1 year	15.59	
Debtor 4	Receivables from related party within scope of consolidation	375,724,341.63	Within 1 year	5.87	
Debtor 5	Receivables from related party within scope of consolidation	349,150,000.00	Within 1 year	5.45	
Total		**4,750,007,602.97**		**74.19**	

4. Long-term equity investment

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	9,841,487,186.37		9,841,487,186.37	8,524,614,941.55		8,524,614,941.55
Investment in joint ventures	38,533,244.13	8,963,026.55	29,570,217.58	13,755,084.98		13,755,084.98
Investment in associates	5,277,700,982.36		5,277,700,982.36	2,554,623,282.57		2,554,623,282.57
Total	**15,157,721,412.86**	**8,963,026.55**	**15,148,758,386.31**	**11,092,993,309.10**		**11,092,993,309.10**

(1) Investment in subsidiaries

Investee	2019.12.31	Addition	Reduction	2020.12.31	Provision for impairment in the year	Provision for impairment as at 31/12/2020
Qinghai Contemporary Amperex Technology Co., Ltd.	315,000,000.00	40,000,000.00		355,000,000.00		
Beijing Lithium Contemporary Amperex Technology Limited	10,348,000.00			10,348,000.00		
Contemporary Amperex Technology GmbH	4,957,674.75			4,957,674.75		
Contemporary Lithium Power Limited	600,000,000.00			600,000,000.00		
Contemporary Amperex Technology (Hong Kong)	418,046,501.00	77,059,000.00		495,105,501.00		

Investee	2019.12.31	Addition	Reduction	2020.12.31	Provision for impairment in the year	Provision for impairment as at 31/12/2020
Limited						
Jiangsu Contemporary Amperex Technology Limited	1,003,782,412.28	9,003,244.82		1,012,785,657.10		
Pingnan Contemporary Advanced Materials Technology Limited	120,000,000.00	410,000,000.00		530,000,000.00		
United Auto Battery Co., Ltd.	1,020,000,000.00			1,020,000,000.00		
Ningde RunYuan Power Technology Co., Ltd.	47,500,000.00	2,500,000.00		50,000,000.00		
Ningde Contemporary Amperex Supply Chain Management Co., Ltd	100,000,000.00		93,000,000.00	7,000,000.00		
Ningbo Meishan bonded area Wending Investment Co., Ltd	500,000,000.00			500,000,000.00		
Ningde Runhe Industry Limited	50,000,000.00			50,000,000.00		
Dongfeng Amperex (Wuhan) Battery System Co., Ltd.	100,000.00			100,000.00		
Dongguan Runyuan New Energy Technology Limited	100,000,000.00			100,000,000.00		
Guangdong Brunp Recycling Technology Co., Ltd.	3,196,850,353.52			3,196,850,353.52		
CATL- KSTAR SCIENCE & TECHNOLOGY CO., LTD	25,500,000.00	51,000,000.00		76,500,000.00		
CATL-GAC EV Battery Co., Limited	510,000,000.00			510,000,000.00		
Longyan Sikang New Material Co., Ltd.	133,530,000.00			133,530,000.00		
Sichuan Contemporary Amperex Technology Co., Ltd.	65,000,000.00	470,000,000.00		535,000,000.00		
CATL-FAW Auto Battery Co., Limited	204,000,000.00	295,800,000.00		499,800,000.00		
Ningde Amperex Financial Leasing Co., Ltd.	100,000,000.00			100,000,000.00		
CATL-GEELY EV Battery Co., Limited		51,510,000.00		51,510,000.00		
Ningde Runkang Technology Co., Ltd.		3,000,000.00		3,000,000.00		
Total	**8,524,614,941.55**	**1,409,872,244.82**	**93,000,000.00**	**9,841,487,186.37**		

(2) Investment in associates and joint ventures

Investee	2019.12.31	Movement in the year: Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other	2020.12.31	Provision for impairment as at 31/12/2020
① Associates											
Beijing Pride Advanced Materials Limited	76,928,306.66			1,850,942.98						78,779,249.64	
SAIC-CATL EV Battery System Co.Ltd	170,063,098.15			9,701,533.91			-2,450,661.70			177,313,970.36	
National New Energy Vehicle Technology Innovation Center Limited	16,477,725.95			4,627,202.98		7,380,810.14				28,485,739.07	
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	26,400,000.00									26,400,000.00	
Nanjing Karui Innovation And Entrepreneurship Management Service Co., Ltd.	4,411,762.27			251,359.41						4,663,121.68	
Yibin Tianyi Lithium Industry Co., Ltd.	63,422,293.28	42,000,000.00		568,679.15						105,990,972.43	
Ningbo Brunp Times New Energy Co.,Ltd.	1,764,000,000.00									1,764,000,000.00	
Fujian Ningde Zhixiang infinite Technology Co.,Ltd	328,374,455.32	118,000,000.00		-20,449,362.92		29,397,976.75				455,323,069.15	
Fujian Contemporary Nebula Energy Technology Ltd.	19,314,018.33			-2,626,232.56		88,407.42				16,776,193.19	
GAC-CATL EV Battery System Co.Ltd	46,583,569.20			-1,180,425.93						45,403,143.27	
Qujing Lintie Technology Co., Ltd.	38,648,053.41	48,000,000.00		-5,835,574.70						80,812,478.71	
Henan Yuexin Contemporary New Energy Technology Co.,		20,000,000.00		-5,973,048.58						14,026,951.42	

Investee	2019.12.31	Movement in the year								2020.12.31	Provision for impairment as at 31/12/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Ltd.											
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.		9,800,000.00		-1,244,517.06						8,555,482.94	
Tianjin Binhai Industry Fund Management Co., Ltd.		20,000,000.00		300,287.38						20,300,287.38	
Wuhan Weineng Battery Assets Co., Ltd.		200,000,000.00		1,292,445.59						201,292,445.59	
Xinneng Yishite (Yangzhou) Technology Co., Ltd.		5,000,000.00		-95,988.52						4,904,011.48	
Fujian Mindong Contemporary Rural Investment Development Partnership (Limited Partnership)		499,000,000.00								499,000,000.00	
Fujian Yongfu Electric Power Design Co., Ltd.		190,373,866.05								190,373,866.05	
Fujian Hongda Contemporary New Energy Technology Co., Ltd.		7,800,000.00								7,800,000.00	
Changzhou Mengteng Intelligent Equipment Co., Ltd.		7,500,000.00								7,500,000.00	
Sino-French Life Insurance Co., Ltd.		900,000,000.00								900,000,000.00	
Chongqing Ant Consumer Finance Co., Ltd.		640,000,000.00								640,000,000.00	
Subtotal	**2,554,623,282.57**	**2,707,473,866.05**		**-18,812,698.87**		**36,867,194.31**	**-2,450,661.70**			**5,277,700,982.36**	

Investee	2019.12.31	Movement in the year								2020.12.31	Provision for impairment as at 31/12/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
② Joint ventures											
Shenzhen Shengde Daye New Energy Power Technology Co., Ltd.	13,755,084.98			-5,575,084.76		783,026.33		-8,963,026.55			8,963,026.55
State Grid Contemporary (Fujian) Energy Storage Development Co., Ltd.		16,000,000.00		-966,215.44						15,033,784.56	
Shanghai Kuaibu New Energy Technology Co., Ltd.		14,700,000.00		-163,566.98						14,536,433.02	
Subtotal	**13,755,084.98**	**30,700,000.00**		**-6,704,867.18**		**783,026.33**		**-8,963,026.55**		**29,570,217.58**	**8,963,026.55**
Total	**2,568,378,367.55**	**2,738,173,866.05**		**-25,517,566.05**		**37,650,220.64**	**-2,450,661.70**	**-8,963,026.55**		**5,307,271,199.94**	**8,963,026.55**

5. Operating income and operating cost

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Income	Cost	Income	Cost
Primary operations	39,434,225,550.54	31,598,104,825.39	37,490,596,344.81	28,580,655,382.07
Other operations	2,680,745,196.13	760,335,498.33	2,004,402,794.11	864,839,276.67
Total	**42,114,970,746.67**	**32,358,440,323.72**	**39,494,999,138.92**	**29,445,494,658.74**

Description of performance obligations:

The Company's main business is the development, production, sales and after-sales service of lithium-ion power battery systems, energy storage systems, and lithium battery materials produced by the application of battery recycling technology. For sale of product transaction, the Company completes the performance obligation when the customer obtains control of the relevant product. For service-related transactions, the Company confirms the completed performance obligations according to the performance progress during the entire service period.

Description of allocation to remaining performance obligations:

At year end, the revenue corresponding to the performance obligations that have been signed but not yet performed or not yet completed is amounted to RMB 5,347.52 million.

6. Investment income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Investment income from long-term equity investment accounted by equity method	-25,517,566.05	3,743,614.51
Gain from derecognition of financial assets at amortized cost	-40,984,320.63	-72,377,518.71
Investment income from long-term equity investment by cost method	8,145,265.15	
Investment income from disposal of long-term equity investment		1,530,000.00
Ineffective portion hedging	64,167,614.22	
Income from derecognition of trading financial liabilities	-313,244,692.48	
Investment income from holding of trading financial assets	35,697,155.26	19,872,660.10
Total	**-271,736,544.53**	**-47,231,244.10**

XVI. Supplementary information

1. Details of non-recurring gain or loss for the year

Item	Year ended 31/12/2020
Gain or loss on disposal of non-current assets	-54,518,178.49
Government grants included in the profit or loss (except for government grants that are closely related to the company's normal business operations, comply with national policy regulations, and are based on a certain standard rate or quantitative of continuous entitlement)	1,135,940,385.95
Gain or loss from entrusting others to invest or manage assets	163,639,065.07
Gain or loss from fluctuation of fair value of financial assets and financial liabilities at fair value through profit or loss, besides of any effective hedging operations related to normal business of the Company	-26,328,756.48
Reversal of provision for impairment of receivables that was made on individual basis	21,463,778.06
Non-operating income and non-operating expenses other than above	70,200,899.81
Other profit and loss items that meet the definition of non-recurring profit or loss	411,424,190.55
Total amount of non-recurring items	1,721,821,384.47
Less: effects of income tax on non-recurring items	277,761,166.31
Net amount of non-recurring items	1,444,060,218.16
Less: Non-recurring items attributable to the minority shareholders (net of tax)	125,415,883.75
Non-recurring items attributable to the shareholders of the Company	1,318,644,334.41

2. Return on equity and earnings per share

Profit in reporting period	Weighted average return on equity %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the shareholders of the Company	11.27	2.4942	2.4848
Net profit excluding non-recurring items attributable to the shareholders of the Company	8.61	1.9051	1.8979

Contemporary Amperex Technology Co., Limited

26 April 2021

CONTEMPORARY AMPEREX TECHNOLOGY CO., LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2021

REVIEW REPORT

(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Grant Thornton

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Review Report

GTCNZZ (2021) No. 351ZA08705

To Contemporary Amperex Technology Co., Limited :

We have reviewed the accompanying financial statements of Contemporary Amperex Technology Co., Limited (hereinafter “the Company”), which comprise the consolidated and Company balance sheets as at 30 June 2021, and consolidated and Company income statements, consolidated and Company statements of changes in equity and consolidated and Company cash flow statements for the six months period then ended and notes to the financial statements. Management of the Company is responsible for the preparation of these financial statements. Our responsibility is to express a review opinion on these financial statements based on our review.

We conducted our review in accordance with <*Chinese Certified Public Accountants Review Standards No. 2101 – Financial Statements Review*>. Those standards require that we plan and perform the review to obtain limited assurance about whether the financial statements are free of material misstatement. A review is limited to inquire the Company’s personnel concerned and analytical procedures on the financial statements data. The degree of assurance provided is less than an audit, and accordingly we do not express an audit opinion.

Based on our review, we are not aware of any matters to cause us believe that the Company’s financial statements were not prepared in accordance with Accounting Standards for Business Enterprises and the financial position as at 30 June 2021, and its financial performance and cash flows for the six months period then ended, in all material respects, were not presented fairly in accordance with Accounting Standards for Business Enterprises.

Grant Thornton
Beijing, China

25 August 2021

Consolidated and Company Balance Sheets

As at 30 June 2021

Prepared by: Contemporary Amperex Technology Co., Limited | Expressed in RMB

Item	Note	30 June 2021		31 December 2020	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash and bank balances	V.1	74,686,697,280.12	54,104,316,410.69	68,424,116,053.67	50,211,945,692.89
Trading financial assets	V.2	2,214,851,732.73		3,288,071,512.61	818,258,790.39
Derivative financial assets	V.3	1,184,105,581.40	1,094,204,658.00	1,330,347,108.86	1,344,165,542.99
Notes receivable	V.4	5,485,309,961.18	4,147,728,542.95	9,877,156,349.23	9,416,041,241.33
Accounts receivable	V.5	13,981,824,366.21	11,544,672,800.01	11,293,523,722.88	10,088,619,894.86
Receivable financing					
Prepayments	V.6	3,848,415,008.73	3,164,934,792.88	997,118,630.25	1,924,214,157.90
Other receivables	V.7	4,058,611,364.67	16,127,223,434.04	3,303,956,813.15	6,285,015,827.63
Including: Interest receivable					
Dividend receivables					
Inventories	V.8	24,165,705,805.13	16,415,319,512.09	13,224,640,950.39	8,933,727,905.30
Contract assets	V.9	77,075,924.92	73,781,689.40	75,269,024.76	75,269,024.76
Assets held for sale					
Non-current assets due within one year	V.10	143,447,332.70		81,548,616.67	
Other current assets	V.11	3,150,312,575.08	1,968,686,198.30	969,240,539.21	285,741,138.93
Total current assets		132,996,356,932.87	108,640,868,038.36	112,864,989,321.68	89,382,999,216.98
Non-current assets:					
Debt investment					
Other debt investment					
Long-term receivables	V.12	463,424,807.46	-	372,156,591.66	
Long-term equity investments	V.13	9,240,532,691.61	23,026,908,045.29	4,813,072,905.14	15,148,758,386.31
Other equity instruments investment	V.14	3,522,420,337.03	2,198,723,103.15	1,997,026,992.95	897,055,696.07
Other non-current financial assets					
Investment properties					
Fixed assets	V.15	25,132,132,439.37	11,202,478,578.51	19,621,648,443.02	9,589,467,994.98
Construction in progress	V.16	15,450,275,778.57	3,678,968,336.71	5,750,351,820.37	2,141,898,621.06
Productive biological assets					
Oil and gas assets					
Right-of-use assets	V.17	237,142,951.69	-		
Intangible assets	V.18	3,395,293,147.70	800,437,965.47	2,517,935,725.46	794,419,051.90
Capitalised development expenditure					
Goodwill	V.19	329,506,902.78	-	147,951,887.23	
Long-term deferred expenses	V.20	478,944,306.35	382,812,865.27	363,551,716.95	291,808,394.82
Deferred tax assets	V.21	3,890,656,231.90	2,971,758,468.13	3,167,109,948.33	2,466,602,169.86
Other non-current assets	V.22	12,646,811,292.58	567,826,508.63	5,002,631,587.80	1,108,053,521.03
Total non-current assets		74,787,140,887.04	44,829,913,871.16	43,753,437,618.91	32,438,063,836.03
TOTAL ASSETS		207,783,497,819.91	153,470,781,909.52	156,618,426,940.59	121,821,063,053.01

Legal representative： **Person in charge of financial function：** **Prepared by：**

Consolidated and Company Balance Sheets (Continued)

As at 30 June 2021

Item	Note	30 June 2021		31 December 2020	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term loans	V.23	7,936,400,830.37	434,421,944.45	6,335,080,182.17	734,775,805.56
Trading financial liabilities					
Derivative financial liabilities					
Notes payable	V.24	33,850,033,847.32	31,619,656,947.81	15,636,589,526.90	12,823,823,176.92
Accounts payable	V.25	25,670,496,056.42	19,189,844,137.15	15,634,844,308.52	15,354,892,747.36
Receipts in advance					
Contract liabilities	V.26	10,758,865,173.59	9,996,253,834.66	6,875,227,795.16	6,832,467,549.16
Employee benefits payable	V.27	3,023,749,746.80	2,608,586,792.09	2,657,564,914.42	2,389,417,399.83
Taxes payable	V.28	1,454,565,477.15	742,694,537.32	1,321,059,090.43	672,343,018.43
Other payables	V.29	7,444,740,885.08	4,345,551,223.78	4,407,776,289.55	3,890,858,877.14
Including: Interest payable					
Dividend payable		565,000,646.18	565,000,646.18	6,172,824.12	6,172,824.12
Liabilities held for sale					
Non-current liabilities maturing within one year	V.30	1,493,766,156.37	1,025,431,348.58	1,349,038,696.49	843,232,185.78
Other current liabilities	V.31	1,057,174,566.45	957,496,750.98	760,008,999.58	755,802,363.73
Total current liabilities		92,689,792,739.55	70,919,937,516.82	54,977,189,803.22	44,297,613,123.91
Non-current liabilities:					
Long-term loans	V.32	8,701,599,250.29	3,729,085,148.88	6,068,163,254.20	3,592,734,251.28
Bonds payable	V.33	14,273,326,292.78	4,588,810,553.23	14,382,255,950.87	4,612,230,846.82
Lease liabilities	V.34	134,612,559.93	-	-	
Long-term payables	V.35	1,150,000,000.00	-	1,193,938,630.30	
Long-term employee benefits payable					
Provisions	V.36	8,709,869,807.16	8,453,976,818.12	6,797,704,877.32	6,617,264,087.73
Deferred income	V.37	6,400,308,476.35	370,657,470.88	3,918,939,197.71	210,074,403.26
Deferred income tax liabilities	V.21	235,972,124.69	216,404,172.24	85,518,810.08	64,937,718.88
Other non-current liabilities					
Total non-current liabilities		39,605,688,511.20	17,358,934,163.35	32,446,520,720.48	15,097,241,307.97
TOTAL LIABILITIES		132,295,481,250.75	88,278,871,680.17	87,423,710,523.70	59,394,854,431.88
Share capital	V.38	2,329,007,802.00	2,329,007,802.00	2,329,474,028.00	2,329,474,028.00
Capital reserve	V.39	41,446,874,263.90	43,247,080,444.40	41,662,151,603.08	43,144,505,254.61
Less: Treasury shares	V.40	693,512,300.60	693,512,300.60	710,020,552.82	710,020,552.82
Other comprehensive income	V.41	1,952,271,954.99	1,867,785,964.00	1,126,992,951.02	1,034,923,697.43
Special reserve					
Surplus reserve	V.42	1,157,782,633.55	1,164,737,014.00	1,157,782,633.55	1,164,737,014.00
Undistributed profits	V.43	22,565,878,445.75	17,276,811,305.55	18,640,918,703.75	15,462,589,179.91
Total owner's equity attributable to the parent		68,758,302,799.59	65,191,910,229.35	64,207,299,366.58	62,426,208,621.13
Minority interests		6,729,713,769.57		4,987,417,050.31	
TOTAL SHAREHOLDERS' EQUITY		75,488,016,569.16	65,191,910,229.35	69,194,716,416.89	62,426,208,621.13
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		207,783,497,819.91	153,470,781,909.52	156,618,426,940.59	121,821,063,053.01

Legal representative： **Person in charge of financial function：** **Prepared by：**

Consolidated and Company Income Statements

For the six months ended 30 June 2021

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Note	Six months ended 30 June 2021		Six months ended 30 June 2020	
		Consolidated	Company	Consolidated	Company
I. Operating income	V.44	44,074,560,629.16	35,415,333,212.68	18,829,453,132.97	14,701,079,521.63
Less: Operating costs	V.44	32,061,735,306.82	28,525,576,958.96	13,717,117,142.14	11,118,018,568.32
Taxes and surcharges	V.45	247,186,341.64	180,467,107.19	101,445,380.16	64,789,698.72
Selling expenses	V.46	1,593,220,857.92	1,495,762,179.38	792,140,085.18	736,208,926.80
Administrative expenses	V.47	1,425,297,189.47	887,881,361.96	809,663,593.83	559,340,906.80
Research and development expenses	V.48	2,793,753,774.44	1,864,824,460.97	1,298,453,447.42	1,096,683,522.11
Financial expense	V.49	-422,603,555.91	-574,306,863.34	-401,913,973.10	-414,950,416.57
Including: Interest expenses		452,359,068.10	182,259,347.10	256,688,048.79	198,040,163.06
Interest income		1,070,188,235.09	934,212,153.52	623,732,754.44	562,665,827.22
Add: Other income	V.50	641,625,771.67	245,886,369.98	661,224,809.30	450,308,232.73
Investment gains ("-" for loss)	V.51	117,184,251.12	-31,583,553.20	-406,292,308.07	-358,057,413.69
Including: Gains from investments in associates and joint ventures		225,874,649.39	56,214,844.04	-88,395,180.45	-35,903,450.19
Gain from derecognition of financial assets at amortized cost		-140,130,050.79	-90,848,721.00	-36,918,733.53	-9,750,580.18
Gain from net exposure of hedging （loss as in "-"）					
Gains from changes in fair value ("-" for loss)	V.52			286,915,936.00	286,915,936.00
Credit impairment loss ("-" for loss)	V.53	-63,266,617.06	-53,485,389.85	-122,013,541.29	-18,610,141.23
Assets impairment loss ("-" for loss)	V.54	-754,103,840.97	-440,242,419.63	-338,341,629.60	-317,378,431.60
Gain from disposal of assets ("-" for loss)	V.55	-571,920.37	212,970.15		4,618,102.03
II. Operating profit ("-" for loss)		6,316,838,359.17	2,755,915,985.01	2,594,040,723.68	1,588,784,599.69
Add: Non-operating income	V.56	56,962,628.74	37,768,018.51	25,328,338.96	19,589,077.32
Less: Non-operating expenses	V.57	38,880,638.18	11,785,427.23	22,713,511.25	15,217,471.65
III. Total profit ("-" for loss)		6,334,920,349.73	2,781,898,576.29	2,596,655,551.39	1,593,156,205.36
Less: Income tax expenses	V.58	1,009,812,060.70	408,848,628.59	452,737,521.27	248,098,746.88
IV. Net profit("-" for loss)		5,325,108,289.03	2,373,049,947.70	2,143,918,030.12	1,345,057,458.48
(I) Classified by continuity of operations					
Including: Net profit from continuing operations ("-" for loss)		5,325,108,289.03	2,373,049,947.70	2,143,918,030.12	1,345,057,458.48
Net profit from discontinued operation ("-" for loss)					
(II) Classified by attribution to ownership					
Including: Net profit attributable to shareholders of the parent ("-" for loss)		4,483,787,564.06		1,937,281,090.50	
Net profit attributable to minority interests ("-" for loss)		841,320,724.97		206,636,939.62	
V. Other comprehensive income - after tax		824,254,440.25	832,862,266.57	42,364,310.59	11,028,593.89
Other comprehensive income - after tax attributable to owners of the parent		825,279,003.97		30,209,021.94	
(I) Other comprehensive income not reclassified into profit or loss subsequently		694,177,077.75	697,211,133.25	108,157,894.49	108,157,894.49
1.Other comprehensive income that can not be transferred in gains or losses under the equity method		24,293,822.33	24,293,822.33		
2. Changes in fiar value of other equity instrments investment		669,883,255.42	672,917,310.92	108,157,894.49	108,157,894.49
(II) Other comprehensive income that will be reclassified into profit or loss subsequently		131,101,926.22	135,651,133.32	-77,948,872.55	-97,129,300.60
1. Gain or loss from effective portion of cash flow hedge		134,627,167.67	135,651,133.32	-83,413,031.76	-97,129,300.60
2. Translation difference of foreign currency financial statement		-3,525,241.45		5,464,159.21	
3. Others					
Other comprehensive income - after tax attributable to minority interests		-1,024,563.72		12,155,288.65	
VI. Total comprehensive income		6,149,362,729.28	3,205,912,214.27	2,186,282,340.71	1,356,086,052.37
Total comprehensive income attributable to owners of the parent		5,309,066,568.03		1,967,490,112.44	
Total comprehensive income attributable to minority interests		840,296,161.25		218,792,228.27	
VII. Earnings per share					
(I) Basic earnings per share		1.9416		0.8833	
(II) Diluted earnings per share		1.9337		0.8805	

Legal representative： **Person in charge of financial function：** **Prepared by：**

3

Consolidated and Company Cash Flow Statements

For the six months ended 30 June 2021

Prepared by: Contemporary Amperex Technology Co., Limited — Expressed in RMB

Item	Note	Six months ended 30 June 2021		Six months ended 30 June 2020	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Cash received from sale of goods or rendering of services		51,085,024,721.36	43,305,581,078.86	24,016,663,944.28	18,979,963,537.21
Tax refund received		140,585,405.15	7,507,175.85	32,332,645.46	11,355,689.91
Other cash received relating to operating activities	V.60	4,098,937,926.36	2,211,197,487.04	2,438,827,143.57	1,165,823,635.92
Sub-total of cash inflows		55,324,548,052.87	45,524,285,741.75	26,487,823,733.31	20,157,142,863.04
Cash paid for goods and services		21,559,768,798.96	18,620,512,374.78	16,188,323,898.87	14,281,204,529.62
Cash paid to and on behalf of employees		4,211,528,980.82	2,698,962,499.77	1,903,680,069.18	1,381,002,148.00
Payments of all types of taxes		2,523,997,750.53	1,291,375,990.09	1,340,543,579.11	843,997,217.68
Other cash paid relating to operating activities	V.60	1,287,192,835.98	3,591,504,291.30	1,228,723,296.81	1,390,014,833.64
Sub-total of cash outflows		29,582,488,366.29	26,202,355,155.94	20,661,270,843.97	17,896,218,728.94
Net cash flows from operating activities		**25,742,059,686.58**	**19,321,930,585.81**	**5,826,552,889.34**	**2,260,924,134.10**
II. Cash flows from investing activities					
Cash received from disposal of investments		31,702,892.85			
Cash received from returns on investments		59,164,928.94	750,235.14	1,765,869.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		227,975.57	228,975.57		
Cash received from disposal of subsidiaries and other business units					
Other cash received relating to investing activities	V.60	1,746,377,670.86	5,039,518,520.81	2,852,419,271.07	2,734,279,054.09
Sub-total of cash inflows		1,837,473,468.22	5,040,497,731.52	2,854,185,140.07	2,827,279,054.09
Cash paid to acquire fixed assets, intangible assets and other long-term assets		20,090,694,926.23	3,877,357,068.03	5,162,370,937.50	2,719,656,609.38
Cash paid to investments		5,568,013,121.50	8,664,214,560.01	70,700,000.00	1,188,569,000.00
Cash paid to acquire subsidiaries and other business units		162,089,096.03			
Other cash paid relating to investing activities	V.60	1,143,479,615.97	9,562,715,580.47	148,983,251.15	566,810,257.35
Sub-total of cash outflows		26,964,276,759.73	22,104,287,208.51	5,382,054,188.65	4,475,035,866.73
Net cash flows from investing activities		**-25,126,803,291.51**	**-17,063,789,476.99**	**-2,527,869,048.58**	**-1,647,756,812.64**
III. Cash flows from financing activities					
Cash received from capital contribution		575,006,741.25		808,990,000.00	
Include: Cash received from investment by minority interests of subsidiaries		575,006,741.25		808,990,000.00	
Cash received from borrowings		5,744,054,032.33	650,000,000.00	4,165,228,444.20	2,000,000,000.00
Other cash received relating to other financing activities	V.60		110,475,425.53	2,997,600,000.00	4,311,600,000.00
Sub-total of cash inflows		6,319,060,773.58	760,475,425.53	7,971,818,444.20	6,311,600,000.00
Cash repayments of amounts borrowed		2,174,158,921.05	630,871,419.00	1,643,262,959.49	746,712,117.26
Cash payments for interest expenses and distribution of dividends or profits		475,061,070.79	206,121,957.37	657,716,347.49	584,549,996.72
Include: Dividend paid to minority interests of subsidiaries					
Other cash payments relating to financing activities	V.60	205,756,669.64	324,313,126.45	370,675,928.14	971,091,540.22
Sub-total of cash outflows		2,854,976,661.48	1,161,306,502.82	2,671,655,235.12	2,302,353,654.20
Net cash flows from financing activities		**3,464,084,112.10**	**-400,831,077.29**	**5,300,163,209.08**	**4,009,246,345.80**
IV. Effect of foreign exchange rate changes on cash		**-234,765,497.65**	**-119,879,744.27**	**28,838,388.11**	**20,851,464.34**
V. Net increase in cash and cash equivalents		3,844,575,009.52	1,737,430,287.26	8,627,685,437.95	4,643,265,131.60
Add: Opening balance of cash and cash equivalent		**63,431,985,986.90**	**47,533,500,863.40**	**23,200,055,644.02**	**22,702,400,552.67**
VI. Closing balance of cash and cash equivalent		67,276,560,996.42	49,270,931,150.66	31,827,741,081.97	27,345,665,684.27

Legal representative: **Person in charge of financial function:** **Prepared by:**

Consolidated Statement of Changes in Equity

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Six months ended 30 June 2021									
	Equity attributable to the shareholders of parent								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits		
I. Balance at end of previous year	2,329,474,028.00	41,662,151,603.08	710,020,552.82	1,126,992,951.02		1,157,782,633.55		18,640,918,703.75	4,987,417,050.31	69,194,716,416.89
Add: Changes in accounting policies										
Correction of errors										
Business combination under common control										-
Others										-
II. Balance in beginning of year	2,329,474,028.00	41,662,151,603.08	710,020,552.82	1,126,992,951.02	-	1,157,782,633.55	-	18,640,918,703.75	4,987,417,050.31	69,194,716,416.89
III. Movement over the year("- "for decrease)	-466,226.00	-215,277,339.18	-16,508,252.22	825,279,003.97	-	-	-	3,924,959,742.00	1,742,296,719.26	6,293,300,152.27
(I)Total comprehensive income for the year				825,279,003.97				4,483,787,564.06	840,296,161.25	6,149,362,729.28
(II) Owner's contributions and decrease of capital	-466,226.00	102,575,189.79	-16,508,252.22	-	-	-	-	-	584,148,029.04	702,765,245.05
1.Capital contribution from owner	-466,226.00	-16,042,905.90	-16,508,252.22						584,148,029.04	584,147,149.36
2. Increase in owner's equity resulted from share-based payments		118,618,095.69								118,618,095.69
3. Others		-								-
(III) Appropriation of profits	-	-	-	-	-	-	-	-558,827,822.06	-	-558,827,822.06
1. Appropriation to surplus reserves										-
2. Distributions to shareholders								-558,827,822.06		-558,827,822.06
3. Others										-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital										-
2.Surplus reserves converting into share capital										-
3.Surplus reserves cover the deficit										-
4.Other comprehensive income transfer to retained earnings										-
5.Others										-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Provision for the year										-
2.Use for the year										-
(VI) Other		-317,852,528.97							317,852,528.97	-
IV. Balance at end of year	2,329,007,802.00	41,446,874,263.90	693,512,300.60	1,952,271,954.99	-	1,157,782,633.55	-	22,565,878,445.75	6,729,713,769.57	75,488,016,569.16

Legal representative: **Principal in charge of accounting:** **Prepared by：**

Consolidated Statement of Changes in Equity

Prepared by: Contemporary Amperex Technology Co., Limited

Expressed in RMB

Item	Six months ended 30 June 2020									
	Equity attributable to the shareholders of parent								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits		
I. Balance at end of previous year	2,208,399,700.00	21,630,448,577.59	1,074,894,790.00	620,819,644.93		1,097,245,469.55	-	13,652,965,292.41	4,052,891,263.24	42,187,875,157.72
Add: Changes in accounting policies										-
Correction of errors										-
Business combination under common control										-
Others										-
II. Balance in beginning of year	2,208,399,700.00	21,630,448,577.59	1,074,894,790.00	620,819,644.93	-	1,097,245,469.55	-	13,652,965,292.41	4,052,891,263.24	42,187,875,157.72
III. Movement over the year("- "for decrease)	-1,285,920.00	84,364,916.05	-45,688,737.60	30,209,021.94	-	-	-	1,379,197,850.49	1,025,775,977.27	2,563,950,583.35
(I)Total comprehensive income for the year				30,209,021.94				1,937,281,090.50	218,792,228.27	2,186,282,340.71
(II) Owner's contributions and decrease of capital	-1,285,920.00	69,988,425.54	-45,688,737.60	-	-	-	-	-	806,983,749.00	921,374,992.14
1.Capital contribution from owner	-1,285,920.00	-44,896,566.60	-45,688,737.60						806,983,749.00	806,490,000.00
2. Increase in owner's equity resulted from share-based payments		114,884,992.14								114,884,992.14
3. Others										-
(III) Appropriation of profits	-	-	-	-	-	-	-	-485,847,934.00	-	-485,847,934.00
1. Appropriation to surplus reserves								-		-
2. Distributions to shareholders								-485,847,934.00		-485,847,934.00
3. Others										-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital										-
2.Surplus reserves converting into share capital										-
3.Surplus reserves cover the deficit										-
4.Other comprehensive income transfer to retained earnings										-
5.Others										-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Provision for the year										-
2.Use for the year										-
(VI) Other		14,376,490.51						-72,235,306.01		-57,858,815.50
IV. Balance at end of year	2,207,113,780.00	21,714,813,493.64	1,029,206,052.40	651,028,666.87	-	1,097,245,469.55	-	15,032,163,142.90	5,078,667,240.51	44,751,825,741.07

Legal representative: **Principal in charge of accounting:** **Prepared by：**

Company Statement of Changes in Equity

Prepared by: Contemporary Amperex Technology Co., Limited | Expressed in RMB

Item	Six months ended 30 June 2021							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at end of previous year	2,329,474,028.00	43,144,505,254.61	710,020,552.82	1,034,923,697.43		1,164,737,014.00	15,462,589,179.91	62,426,208,621.13
Add: Changes in accounting policies								
Correction of errors								
Others								-
II. Balance in beginning of year	2,329,474,028.00	43,144,505,254.61	710,020,552.82	1,034,923,697.43	-	1,164,737,014.00	15,462,589,179.91	62,426,208,621.13
III. Movement over the year("- "for decrease)	-466,226.00	102,575,189.79	-16,508,252.22	832,862,266.57	-	-	1,814,222,125.64	2,765,701,608.22
(I)Total comprehensive income for the year				832,862,266.57			2,373,049,947.70	3,205,912,214.27
(II) Owner's contributions and decrease of capital	-466,226.00	102,575,189.79	-16,508,252.22	-	-	-	-	118,617,216.01
1.Capital contribution from owner	-466,226.00	-16,042,905.90	-16,508,252.22					-879.68
2. Increase in owner's equity resulted from share-based payments		118,618,095.69						118,618,095.69
3. Others		-						-
(III) Appropriation of profits	-	-	-	-	-	-	-558,827,822.06	-558,827,822.06
1. Appropriation to surplus reserves								-
2. Distributions to shareholders							-558,827,822.06	-558,827,822.06
3. Others								-
(IV) Transfer within equity	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital								-
2.Surplus reserves converting into share capital								-
3.Surplus reserves cover the deficit								-
4.Other comprehensive income transfer to retained earnings								
5.Others								-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Provision for the year								-
2.Use for the year								-
(VI) Other								-
IV. Balance at end of year	2,329,007,802.00	43,247,080,444.40	693,512,300.60	1,867,785,964.00	-	1,164,737,014.00	17,276,811,305.55	65,191,910,229.35

Legal representative: **Principal in charge of accounting:** **Prepared by：**

Company Statement of Changes in Equity

Prepared by: Contemporary Amperex Technology Co., Lim

Expressed in RMB

Item	Six months ended 30 June 2020							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at end of previous year	2,208,399,700.00	23,112,308,480.40	1,074,894,790.00	576,704,113.36		1,104,199,850.00	12,414,990,451.91	38,341,707,805.67
Add: Changes in accounting policies								-
Correction of errors								-
Others								-
II. Balance in beginning of year	2,208,399,700.00	23,112,308,480.40	1,074,894,790.00	576,704,113.36	-	1,104,199,850.00	12,414,990,451.91	38,341,707,805.67
III. Movement over the year("- "for decrease)	-1,285,920.00	84,858,664.77	-45,688,737.60	11,028,593.89	-	-	786,974,218.47	927,264,294.73
(I)Total comprehensive income for the year				11,028,593.89			1,345,057,458.48	1,356,086,052.37
(II) Owner's contributions and decrease of capital	-1,285,920.00	70,482,174.26	-45,688,737.60	-	-	-	-	114,884,991.86
1.Capital contribution from owner	-1,285,920.00	-44,402,817.60	-45,688,737.60					-
2. Increase in owner's equity resulted from share-based payments		114,884,991.86						114,884,991.86
3. Others								-
(III) Appropriation of profits	-	-	-	-	-	-	-485,847,934.00	-485,847,934.00
1. Appropriation to surplus reserves							-	-
2. Distributions to shareholders							-485,847,934.00	-485,847,934.00
3. Others								-
(IV) Transfer within equity	-	-	-	-	-	-	-	-
1.Capital reserves converting into share capital								-
2.Surplus reserves converting into share capital								-
3.Surplus reserves cover the deficit								-
4.Other comprehensive income transfer to retained earning								
5.Others								-
(V) Special reserve	-	-	-	-	-	-	-	-
1. Provision for the year								-
2.Use for the year								-
(VI) Other		14,376,490.51					-72,235,306.01	-57,858,815.50
IV. Balance at end of year	2,207,113,780.00	23,197,167,145.17	1,029,206,052.40	587,732,707.25	-	1,104,199,850.00	13,201,964,670.38	39,268,972,100.40

Legal representative: **Principal in charge of accounting:** **Prepared by：**

Notes to the Financial Statements

I. Company Information

1. Company profile

Contemporary Amperex Technology Co., Limited (hereinafter referred to as the "Company" or "Company") was formerly known as Contemporary Amperex Technology Co., Ltd. (hereinafter referred to as " Contemporary Amperex Co., Ltd."), which was incorporated in Ningde City, Fujian Province on December 16, 2011, and obtained the legal person business license number of 350902100027641 issued by the Ningde Administration for Industry and Commerce of Fujian Province. On 31 October 2015, contemporary Amperex Co., Ltd. was changed into a joint stock company with a total share capital of RMB 40 million. The Company obtained the legal person business license with the unified social credit code of 91350900587527783P issued by the Ningde Administration for Industry and Commerce of Fujian Province.

On 18 May 2018, the China Securities Regulatory Commission issued the “Reply of approval of the Initial Public Offering of Contemporary Amperex Technology Co., Limited” (Securities Regulatory Permit [2018] No. 829), and the Company publicly issued 217,243,733 ordinary shares. The A-shares of RMB common stock issued by the Company were listed on the Shenzhen Stock Exchange on 11 June 2018 (stock code: 300750).

As of 24 June 2020, with the approval of the China Securities Regulatory Commission (CSRC) on the “Non-public offering of Contemporary Amperex Technology Co., Limited (No. 1268[2020] of the CSRC) , the Company issued 122,360,248 shares of Renminbi common shares (A shares) , and went public on 4 August, 2020. As of June 30, 2021, the registered capital of the Company was RMB 2,329.7802 million. The legal representative is Jiazhou, and the Company’s registered office is No.2 Xingang road, Zhangwan town, Jiaocheng district, Ningde.

The main business scope of the Company and its subsidiaries is the development, production, sales and after-sales service of lithium-ion power battery systems, energy storage systems and lithium battery materials by using battery-recycling technology.

The financial statements and the notes to the financial statements have been approved by thirty-third meeting of the second session of Board of Directors on 25 August 2021.

2. Scope of consolidated financial statements

As of 30 June 2021, the scope of consolidation includes 72 subsidiaries of the Company and refers to Note VI “Changes in scope of consolidation” and Note VII “ Interests in other entities”.

II. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (collectively, “ Accounting Standards for Business Enterprises “). In addition, the Company also discloses relevant financial information according to Information Disclosures Regulations for Companies that Offering Shares in Public No.15-General Provision of Preparing Financial Report (revised in 2014) issued announced by China Securities Regulatory Commission.

The consolidated financial statements have been prepared on going concern basis.

The Company adopts the accrual basis of accounting. The financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

III. Significant accounting policies and accounting estimates

The Company determines the policies of depreciation of fixed assets, amortization of intangible assets, and revenue recognition according to the characteristics of its production and operation. Specific accounting policies refer to Note III. 14, 16 and 23.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The consolidated financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the consolidated and Company's financial positions as of 30 June 2021, and their operating results and their cash flows for the six months ended 30 June 2021 and other relevant information.

2. Financial year

The financial year of the Company is from 1 January to 31 December of each calendar year.

This report covers the six months ended 30 June 2021.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

The financial statements of the Company and its domestic subsidiaries have been prepared in Renminbi ("RMB"). The Company's foreign subsidiaries determine their functional currency according to the primary economic environment where they operate, and then translated to RMB when preparing the financial statements

5. Accounting treatment of business combinations not involving enterprises under common control

(1) Business combinations not involving enterprises under common control

For business combinations not involving enterprises under common control, the consideration costs include acquisition-date fair values of the assets transferred, liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and subsequently measured on the basis of its costs less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is credited in profit or loss for the current period after reassessment.

(2) Accounting treatment of transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt instruments issued as the considerations of business combination are included in the initial recognition amount of the equity or debt instruments.

6. Basis of preparation of consolidated financial statements

(1) Scope of consolidation

The scope of consolidated financial statements is determined on the basis of control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company.

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. In preparation of consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be in accordance with those established by the Company, all significant intercompany accounts and transactions are eliminated on consolidation.

Where a subsidiary or business has been acquired during the reporting period, through a business combination not involving enterprises under common control, the revenue, expenses and profit of the subsidiary or business after the acquisition date are included in the consolidated income statement, the cash flows after the acquisition date are included in consolidated cash flow statement.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement below the "net profit" line item as "minority interests". When the amount of loss for the current period attributable to minority interests of the subsidiary exceeds the minority interests' share of the opening equity of the subsidiary, the excess is still allocated against the minority interests.

(3) Acquires minority interest from a subsidiary's minority shareholders

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the minority interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (capital premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value

9. Foreign currency transactions

(1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss for the current period.

(2) Translation of foreign currency financial statements

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities of the balance sheet are translated to RMB using the spot exchange rate at the balance sheet date. Items of the shareholders' equity, except for “undistributed profits”, are translated at the spot exchange rate at the dates on which such items arose.

The revenue and expensesin the statement of income are translated using the spot exchange rate at the transaction date.

Items of the cash flow statement are translated using the spot exchange rate when it incurs. Effects arising from changes of exchange rates on cash and cash equivalents are presented separately as “Effect of changes in exchange rates on cash and cash equivalents” in the cash flow statement.

Differences arising from the translation of financial statements are separately presented as “other comprehensive income” in the shareholders' equity of the balance sheet.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following conditions is met, the financial assets are derecognized:

①The contractual rights to the cash flows from the financial asset expire;

②The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expired. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized meanwhile.

If the financial assets are traded routinely, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

Upon initial recognition, the Company classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets at amortized cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company's business model for managing such financial assets is to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognized in profit or loss for the current period when the financial asset is derecognized, amortised using the effective interest method or with impairment recognized.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company's business model for managing such financial assets is achieved both by collecting contractual cash flows and selling such financial assets;

- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognized in the profit or loss for the current period.

However, for non-trading equity instrument investments, the Company irrevocably designates them as financial assets at fair value through other comprehensive income at initial recognition. The designation is made on a single investment basis and the relevant investment meets the definition of equity instruments from the perspective of the issuer.

Subsequent to initial recognition, these financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gains or losses and changes in fair value are included in Other comprehensive income. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model for managing financial assets refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

The Company assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Company evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Company changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the current period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognized. Accounts receivable without significant financing component are initially recognized based on the transaction price expected to be entitled by the Company.

(3) Classification and measurement of financial liabilities

At initial recognition, financial liabilities of the Company are classified as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost. For financial liabilities not classified as measured at fair value through profit or loss, relevant transaction costs are included in the amount initially recognized.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise held-for-trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, and the gains or losses from the change in fair value and the dividend or interest expenses related to the financial liabilities are included in the profit or loss of the current period.

Financial liabilities measured at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, and the gains or losses arising from derecognition or amortisation are recognized in profit or loss for the current period.

Classification between financial liabilities and equity instruments

A financial liability is a liability if:

① it has a contractual obligation to pay in cash or other financial assets to other parties.

② it has a contractual obligation to exchange financial assets or financial liabilities under potential adverse condition with other parties.

③ it is a non-derivative instrument contract which will or may be settled with the entity's own equity instruments, and the entity will deliver a variable number of its own equity instruments according to such contract.

④ it is a derivative instrument contract which will or may be settled with the entity's own equity instruments, except for a derivative instrument contract that exchanges a fixed amount of cash or other financial asset with a fixed number of its own equity instruments.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets, the contractual obligation meets the definition of financial liabilities.

Where a financial instrument must or may be settled with the Company's own equity instruments, the Company's own equity instruments used to settle such instrument should be considered as to whether it is as a substitute for cash or other financial assets or for the purpose of enabling the holder of the instrument to be entitled to the remaining interest in the assets of the issuer after deducting all of its liabilities. For the former, it is a financial liability of the Company; for the latter, it is the Company's own equity instruments.

(4) Derivative financial instruments and embedded derivative instruments

The Company's derivative financial instruments are initially measured at the fair value of the date a derivative contract entered into and subsequently measured at their fair value. Derivative financial instruments of positive fair value are recognized as assets; those of negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value which do not meet the requirements of hedge accounting are directly recognized to profit or loss for the current period.

For hybrid instrument with embedded derivative, where financial assets or liabilities not designated as fair value through profit or loss, the economic features and risks of the embedded derivative are not closely related to that of the host contract, and a similar instrument with the same terms as the embedded derivative would meet the definition of a derivative, then embedded derivative is separated from hybrid instrument and accounted for as a derivative. If embedded derivative is unable to measure separately either at acquisition or subsequently at balance sheet date, hybrid instrument as a whole is designated as financial assets or liabilities at fair value through profit or loss.

(5) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities refers to Note III.11.

(6) Impairment of financial assets

The Company makes provision for impairment based on expected credit losses (ECLs) on the following items:

- Financial assets at amortized cost;
- Receivables and debt investments measured at fair value through other comprehensive income;

Measurement of ECLs

ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Company takes into account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Company measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument has not increased significantly since initial recognition, it is at the first stage, and the Company makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument has increased significantly since initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument has incurred credit impairment since initial recognition, it is at the third stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk, including renewal options.

For the financial instruments at the first and second stages and with low credit risks, the Company calculates the interest income based on the book balance and the effective interest rate before deducting the impairment provisions. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For notes receivable and accounts receivable, regardless of whether there is a significant financing component, the Company always makes provision for impairment at an amount equal to lifetime ECLs.

When the Company is unable to assess the information of ECLs for an individual financial asset at a reasonable cost, it classifies notes receivable and accounts receivable into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Notes receivable

- Notes receivable portfolio 1: Bank acceptance bills
- Notes receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

- Accounts receivable portfolio 1: Receivables from related parties within the scope of consolidation
- Accounts receivable portfolio 2: Receivables from external customers

C. Contract asset

- Contract asset portfolio 1: Product sales

For notes receivables and contract assets classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.

For accounts receivable classified as a portfolio, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to compile a matrix of accounts receivable aging / overdue days and expected credit loss rate for the lifetime and calculate the ECLs.

Other receivables

- The Company classifies other receivables into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:
- Other receivables portfolio 1: Receivables from related parties within the scope of consolidation
- Other receivables portfolio 2: Receivables from employees
- Other receivables portfolio 3: Security deposits or deposits
- Other receivables portfolio 4: Other receivables

For other receivables divided into portfolio, the Company calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the lifetime.

Long-term receivables

The company's long-term receivables include financial lease receivables and other payments.

The Company divides the financial lease receivables into several groups. Based on the characteristics of the each groups, the Company calculates expected credit losses. The basis for determining the groups is as following:

A. Finance lease receivables

- Financial lease payment portfolio 1: Receivable from related parties within the consolidated statement
- Financial lease payment portfolio 2: Receivable from external clients

For financial lease receivables, the Company makes reference of historical credit loss experience, combining with current conditions and forecasts on future economic conditions, and the default risk exposure and the entire lifetime expected credit loss rate to calculate expected credit losses.

Debt investments and other debt investments

For debt investments and other debt investments, the Company calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the entire lifetime, based on the nature of the investment and various types of counterparties and risk exposures.

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Company includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) ;
- An actual or expected significant deterioration in the operating results of the debtor;
- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the Company assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

Credit-impaired financial assets

At balance sheet date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Company having granted to the debtor a concession that would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment are deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is later recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(7) Transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. If substantially all the risks and rewards of ownership of the financial asset is retained, the financial asset is not derecognized.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognized.

(8) Offset of financial assets and financial liabilities

If the Company owns the legitimate rights of offsetting the recognized financial assets and financial liabilities, which are enforceable currently, and the Company plans to realise the financial assets or to clear off the financial liabilities on a net amount basis or simultaneously, the net amount of financial assets and financial liabilities shall be presented in the balance sheet upon offsetting. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting.

11. Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market or, in the absence of a principal market, the most advantageous market. Principal market (or most advantageous market) is the market that the Company can normally enter into a transaction on measurement date. The Company adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets as their fair value. If there is no active market, the Company uses valuation technique to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. If the observable inputs are not available or impractical, then unobservable inputs are used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

At the balance sheet date, the Company revalues assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.

12. Inventories

(1) Classification of inventories

Inventories include raw materials, finished goods, reusable materials, semi-finished goods, issuing goods, work-in-progress, subcontracting materials and development costs.

(2) Method for calculating value of inventories

Inventories are measured at the actual cost on acquisition. Raw materials and finished goods are calculated in weighted average cost method.

(3) Recognition of the net realizable value and provision for decline in value of inventories

Net realizable value is the estimated selling price less estimated costs to be incurred upon completion, estimated selling expenses and related taxes. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

At balance sheet date, when the cost of inventory exceeds its net realizable value, provision for decline in value of inventories is recognized. The Company usually recognizes provision for decline in value of inventories by a single inventory item. When the factors causing the inventory impairment no longer exist, the provision for decline in value of inventories previously made is reversed.

(4) Inventory system

The Company adopts perpetual inventory system.

(5) Amortization methods of reusable materials

Reusable packaging materials are one-off amortized when taken for use and recognized as cost.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence.

(1) Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the combining party's share of the carrying amount of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition.

Long-term equity investment acquired other than through a business combination: For a long-term equity investment acquired by cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method, unless it qualifies as held-for-sale. An investment in a joint venture or an associate is accounted for using the equity method.

For long-term equity investment which is accounted for using the cost method, investment income is recognized in profit or loss for the current period as the cash dividend or profit announced and distributed, except for those announced but not yet paid cash dividend or profit which have already included in the actual payment or consideration of offer when the investment was made.

For long-term equity investment which is accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Company's interest in the fair values of the investee's identifiable net assets, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Company's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the carrying amount of the long-term equity investment is adjusted accordingly.

Under the equity method, the Company recognizes its share of the investee's net profit or loss and other comprehensive income as investment income or loss and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Company. The Company's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is recognized in the capital reserve (other capital reserve), and the carrying amount of the long-term equity investment is adjusted accordingly. The Company recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Company.

The unrealized profit or loss from internal transactions entered into between the Company and its associate or joint venture is offset according to the shareholding percentage held by the Company and the remaining portion is recognized as investment income or loss. However, the unrealized loss from internal transactions entered into between the Company and its investee is not offset if it belongs to impairment loss from assets transferred.

(3) Basis for determination of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In assessing whether joint control of an arrangement exists, the Company firstly assesses whether all the parties or a group of the parties control the arrangement collectively. When all the parties or a group of the parties must act together unanimously in directing the relevant activities, then all the parties or a group of the parties are regarded as having joint control of an arrangement. Then assess whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. Protective rights of any party are not considered when determining joint control.

Significant influence 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. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible shall be considered.

When the Company, directly or indirectly through subsidiaries, owns more than 20% (20% inclusive) but less than 50% of the voting shares of the investee, the Company has significant influence on the investee unless there is clear evidence to show that the Company cannot participate in the business and operation decisions of the investee, and accordingly cannot exercise any significant influence. When the Company owns less than 20% of the voting shares of the investee, the Company has no significant influence on the investee unless there is clear evidence to show that the Company can participate in the business and operation decisions of the investee, and accordingly can exercise a significant influence.

(4) Method of impairment testing and impairment provision

For investment of subsidiaries, associates and joint ventures, refer to Note III. 18 for the Company's method of asset impairment.

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

Fixed assets are only recognized when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Depreciation methods

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual rates and annual depreciation rates of each class of fixed assets are as follows:

Category	**Useful life (year)**	**Residual value rate %**	**Annual depreciation rate %**
Plant & buildings	20	0.00-5.00	5.00-4.75
Machinery & equipment	3-10	0.00-5.00	33.00-9.50
Electronic equipment	3-10	0.00-5.00	33.00-9.50
Motor vehicles	3-10	0.00-5.00	33.00-9.50
Other equipment	3-10	0.00	33.33-10.00

Including:

A. For fixed assets that have been provided for impairment, the depreciation should be calculated after the deduction of cumulative amount of the provision for impairment.

B. For newly purchased instruments and equipment specially used for research and development, the fixed assets with amount less than RMB1 million will be included in the expenses for the current year.

(3) Impairment testing and the impairment provision of fixed assets refers to Note III. 18.

(4) The Company reviews the useful life, estimated net residual value and the depreciation method of fixed assets at the end of each financial year

Useful lives of fixed assets are adjusted if they are different with the initial estimates. Estimated net residual values are adjusted if they are different with the initial estimates.

(5) Overhaul costs

The overhaul costs incurred in regular inspection of fixed assets are capitalized as cost of fixed assets if there is clear evidence that it meets the recognition criteria of fixed assets. It is recognized in profit or loss for the current period if it does not meet the recognition criteria of fixed assets. Depreciation continues during the period of regular overhaul.

15. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use and other related expenses during the construction period.

Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

Provision for impairment of construction in progress refers to note III. 18.

16. Intangible assets

The Company's intangible assets include land use rights, trademark, domain name, proprietary technology, licensed technology and software.

Intangible asset is initially measured at cost and its useful life is determined on acquisition. An intangible asset with a finite useful life is amortized by a method which can reflect the expected realization of economic benefits related to the asset since the intangible asset is available for use. When the expected realization of economic benefits cannot be reliably determined, intangible asset is amortized under straight-line method. An intangible asset with an indefinite useful life is not amortized.

Amortization methods of intangible assets with finite useful life are shown as follows:

Category	Useful life	Amortization method	Note
Land use rights	Validity period of land use rights	Straight line method	No residual value
Proprietary technology	Less than 10 years	Straight line method	No residual value
Licensed technology	10 years	Straight line method	No residual value
Software	Less than 5 years	Straight line method	No residual value

The Company reviews the finite useful life of an intangible asset and the amortization method at the end of each financial year. Any change is accounted for as a change in accounting estimate.

If an intangible asset is expected no longer in generating future economic benefits to the Company at the balance sheet date, the carrying amount of the asset is charged to profit or loss for the current period.

Impairment method of intangible assets refers to Note III. 18.

17. Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recorded in profit or loss when incurred.

Expenditure on the development phase is capitalized only when the Company can satisfy all of the following conditions: it is technical feasible that the intangible asset can be used or sold upon completion; there is intention to complete the intangible asset for use or sale; the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; the expenses attributable to the development stage of the intangible asset can be measured reliably. Expenditure on the development phase is recorded in profit or loss for the current period if the above conditions are not met.

Research and development projects of the Company will enter into the development phase when they meet the above conditions and pass the technical feasibility and economic feasibility studies and necessary approval of the project.

Capitalized expenditure on the development phase is presented as “capitalized development expenditure” in the balance sheet and is transferred to intangible assets when the project is completed to its intended use.

18. Impairment of assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, fixed assets, construction in progress, intangible assets and goodwill are determined as follows:

At each balance sheet date, the Company determines whether there may be indication of impairment of the assets, if there is any, the Company will estimate the recoverable amount of the asset, and perform test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The recoverable amount of asset is estimated on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Company reduces its carrying amount to its recoverable amount, the reduced amount is recorded in profit or loss for the current period and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is conducted impairment test by comparing its carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognized, it is not reversed in the subsequent period.

19. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized evenly over the expected benefit period. For the long-term deferred expenses that cannot benefit in the future accounting period, their amortized value is recognized in profit or loss for the current period.

20. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee benefits are presented as “Employee benefits payable” and “Long-term employee benefits payable” on the balance sheet.

(2) Short-term employee benefits

In the accounting period in which employees have rendered services, the Company recognized the employee wages, bonus, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and charged to profit or loss for the current period or cost of relevant assets. If the liability is not expected to be settled wholly in twelve months after the balance sheet date, and the amount is significant, the liability is measured at the discounted amount.

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which a corporate pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(4) Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefits liability and charged to profit or loss for the current period at the earlier of the following dates: the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and when the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

21. Provisions

A provision is recognized as a liability when an obligation related to a contingency satisfied all of the following conditions:

(1) The obligation is a present obligation of the Company;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If all or part of the expenses necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying value of the provision.

The Company's provisions are mainly the accrual of expenditure in after-sales comprehensive service and sales rebates.

Expenditure in after-sales comprehensive service: At present, the sales contract of the power battery system and energy storage system signed between the Company and the customer are having a warranty clause. During the promised period of after-sales service by the Company, no matter how the market price index changes, the Company needs to bear the responsibility for the maintenance of the products sold. The Company recognizes the provisions based on the best estimate of the maximum loss that may occur.

Sales rebates: The Company signed contracts with some customers with a term of sales rebate. The Company recognizes the provisions according to the rebate clauses stipulated in the contracts.

22. Share-based payment

(1) Types of share-based payment

The share-based payment of the Company is equity-settled share-based payment.

(2) Determination of fair value of equity instruments

The Company determines the fair value of the granted equity instruments and other equity instruments that exist in an active market according to the quotation in the active market. For equity instruments such as options granted without active markets, the option pricing model is used to determine their fair value.

(3) Basis for the best estimate of vested equity instruments

At each balance sheet date of the vesting period, the Company revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible employees and other subsequent information. On vesting date, the number of expected vested equity instruments should be agreed with the actual number vested.

(4) Accounting treatment for implementation, modification, and termination of share-based payment

Equity-settled share-based payments are measured at the fair value of equity instruments granted to employees. Instruments which are exercisable immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which exercising is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Company at each balance sheet date within the vesting period. No subsequent adjustment is made on the recognized relevant cost and expenses and owners' equity after the vesting date.

Where the terms of an equity-settled share-based payment are modified, if the modification increases the fair value of the equity instruments granted, the incremental fair value is recognized as additional service obtained; if the modification increases the number of equity instruments granted, the incremental fair value is recognized as additional service received. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument both estimated as at the date of modification. If the modification of terms and conditions of share-based payment arrangement reduces the total fair value of the share-based payment or is not otherwise beneficial to the employee, the Company nevertheless continue to account for the services received as if that modification had not occurred, other than the Company cancels of some or all the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized over the remainder of the vesting period and the capital reserve is credited accordingly. When employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the vesting period, the Company deems the granted equity instruments are cancelled.

23. Revenue

(1) General principle

The Group recognises revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Group allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services committed by each performance obligation, and recognizes as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Group performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point of time:

① when the customer simultaneously receives and consumes the benefits provided by the Group when the Group performs its obligations under the contract;

② when the customer is able to control the goods in progress in the course of performance by the Group under the contract;

③ when the goods produced by the Group under the contract are irreplaceable and the Group has the right to receive payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Group recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Group are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligation performed at a point of time, the Group recognises revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indications:

① the Group has the current right to receive payment for the goods, which is when the customers have the current payment obligations for the goods;

② the Group has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods;

③ the Group has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods;

④ the Group has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtains all of the substantial risks and rewards of ownership of the goods to the customer;

⑤ the customer has accepted the goods;

⑥ other information indicates that the customer has obtained control of the goods.

The Group's right to consideration in exchange for goods or services that the Group has transferred to customers (and such right depends on factors other than passage of time) is accounted for as contract assets, and contract assets are subject to impairment based on ECLs. The Group's unconditional right to receive consideration from customers (only depends on passage of time) is accounted for as accounts receivable. The Group's obligation to transfer goods or services to customers for which the Group has received or should receive consideration from customers is accounted for as contract liabilities.

Contract assets and contract liabilities under the same contract are presented on a net basis. Where the net amount has a debit balance, it is presented in "contract assets" or "other non-current assets" according to its liquidity. Where the net amount has a credit balance, it is presented in "contract liabilities" or "other non-current liabilities" according to its liquidity.

(2) Specific methods

Revenue is recognized when goods are delivered to the customers or provide services, and checked and accepted by the customers and other receipt documents are obtained.

24. Contract costs

Contract costs consist of incremental costs of obtaining a contract and contract fulfillment costs.

Incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if those costs are expected to be recoverable. Other expenses incurred by the Company other than the incremental costs that are expected to be recovered in obtaining a contract are recognized in profit or loss for the current period when incurred.

The Company recognizes as an asset the costs incurred in fulfilling a contract with a customer if those costs are not within the scope of another Standard (for example, Inventories) and meet all of the following criteria:

① the costs relate directly to a contract or to an anticipated contract, including direct labour, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;

② the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and

③the costs are expected to be recovered.

Assets recognised on incremental costs of obtaining a contract and contract fulfillment costs (hereinafter refer as "Contract assets") are amortized on a systematic basis that is consistent to the revenue recognition of the related goods or services, and are charged to profit or loss for the current period.

The Company recognises provision for impairment of assets when the carrying amount of contract asset is higher than the difference between the following two items:

① the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;

② costs anticipated to be incurred for the transfer of goods or services.

As determined at contract inception, contract fulfilment costs that is recognised as an asset is presented as "inventories" if the amortization period is not more than one year or one operating cycle, or is presented as "other non-current assets" if the amortization period is more than 1 year or one operating cycle.

As determined at contract inception, incremental costs of obtaining a contract that is recognised as an asset is presented as "other current assets" if the amortization period is not more than one year or one operating cycle, or is presented as "other non-current assets" if the amortization period is more than 1 year or one operating cycle.

25. Government grants

Government grant is recognized when prescribed conditions are satisfied and the grant will be received.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

A government grant related to an asset is a grant obtained by the Company for purchase, construction or formation of long-term assets. The grant not related to an asset is classified as government grant related to income.

For government grant with unspecified purpose, the amount of grant used to form a long-term asset or related to an asset is regarded as government grant related to an asset, the remaining amount of grant is regarded as government grant related to income. If it is not possible to distinguish, the amount of grant is treated as government grant related to income.

A government grant related to an asset is either deducted the carrying amount of the asset, or recognized as deferred income and amortized to profit or loss over the useful life of the related asset on a reasonable and systematic basis. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related expenses or losses are recognized. The Company adopts same treatment for those transactions of similar government grants.

Government grants relating to daily activities, according to the substance of business transaction, it is recorded either as other income or as deduction of related expenditure. If it is not relating to daily activities, it is recorded as non-operating income.

Repayment of a government grant related to an asset, that initially deducted the carrying amount of the asset, is recognized by increasing the carrying amount of the asset; if there exists of the related deferred income balance, then the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period. Repayment of a government grant related to other situation, it is directly charged to profit or loss for the current period.

26. Deferred tax assets and deferred tax liabilities

Income tax comprises current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to transactions or items recognized directly in equity and goodwill arising from a business combination.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is neither a business combination nor affecting accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affecting accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Company reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

27. Repurchase of shares

The Company's repurchased shares are managed as treasury stocks before cancellation or transfer, all expenditures of repurchased shares are transferred to the cost of treasury stocks. The consideration paid and transaction costs of repurchased shares reduce the owner's equity, gains or losses is not recognized when repurchasing, transferring or canceling the shares of the Company.

On transfer of treasury stocks, the difference between the amount actually received and the carrying amount of treasury stocks is recorded in capital reserve. If capital reserve is insufficient for deduction, then the excess is deducting the surplus reserves and undistributed profits. On retirement of treasury stocks, share capital is reduced by the par value of shares and number of shares canceled, the difference between the carrying amount of canceled treasury stocks and their par value is recorded in capital reserve. If the capital reserve is insufficient for deduction, then the excess is deducting the surplus reserves and undistributed profits.

28. Restricted shares

The Company grants restricted shares to participants in share incentive scheme and the participants subscribes the shares. If unlocking conditions in share incentive scheme are not achieved subsequently, the Company repurchases the shares based on the pre-determined price. The restricted shares that issued to employees are registered as new shares according to relevant provisions. The subscription price received by the Company is recognized as paid-in capital and capital reserve (share premium) and the obligation of shares repurchase is recognized as treasury shares and other payable.

29. Hedge accounting

When initially specifying the hedging relationship, the Company officially designated the hedging instrument and the hedged item, and there are formal written documents to record the hedging relationship, risk management strategy and risk management objectives. The content record includes the hedging tools, the hedged items, nature of the hedged risk and method of hedge effectiveness evaluation.

The Company continuously evaluates the effectiveness of hedging, and judges whether the hedging meets the effectiveness requirements of using hedging accounting within the accounting period specified by the hedging relationship. If it is not satisfied, the hedging relationship is terminated. The use of hedging accounting should meet the following requirements for the effectiveness of hedging:

① There is an economic relationship between hedged items and hedging instruments.

② Among the changes in value caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.

③ The hedging ratio of the hedging relationship should be equal to the ratio of the actual number of hedged items of the enterprise to the actual number of hedging instruments, but it should not reflect the imbalance of the relative weight of the hedged item and the hedging instrument. This imbalance will lead to invalid hedges and may produce accounting results that are inconsistent with the hedge accounting objectives.

If one of the following situations occurs in the Company, the use of hedge accounting will be terminated:
① Due to changes in risk management objectives, the hedging relationship no longer meets the risk management objectives.

② The hedging instrument has expired, is sold, the contract is terminated or has been exercised.

③ There is no longer an economic relationship between the hedged item and the hedging instrument, or in the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk begins to dominate.

④The hedging relationship no longer satisfies other conditions for using hedging accounting methods.

Cash flow hedge

Cash flow hedging refers to hedging of cash flow change risk. The change in cash flow originates from the specific risks related to the recognized assets or liabilities, the expected transactions that are likely to occur, or the above-mentioned project components, and will affect the profit and loss of the Company.

The profit or loss generated by the hedging instrument belongs to the effective part of the hedging, which is included in other comprehensive income as a cash flow hedge reserve. The portion that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income) is included in the profit or loss for the current period.

For cash flow hedging, the hedged item is an expected transaction, and the expected transaction causes the company to subsequently confirm a non-financial asset or non-financial liability, or when the expected transaction of non-financial assets or non-financial liabilities forms a certain commitment applicable to fair value hedge accounting, the Company transfers out the cash flow hedge reserve amount originally recognized in other comprehensive income, and recorded in the initial recognition amount of the asset or liability.

For cash flow hedges that are not in the above situation, the Company transfers out the cash flow hedge reserve amount originally recognized in other comprehensive income in the same period in which the expected cash flow of the hedge affects the profit or loss, and is included in the profit or loss for the current period.

If the amount of cash flow hedge reserve recognized in other comprehensive income is a loss, and all or part of the loss is expected to be irreparable in the future accounting period, the Company will estimate the irreparability, then transfers the expected irreparable part out of other comprehensive income and include it in the profit or loss for the current period.

When the Company terminates the use of hedging accounting for cash flow hedges, if the hedged future cash flow is expected to occur, the accumulated cash flow hedge reserve amount recognized in other comprehensive income will be retained until the expected transaction actually occurs At the time, the accounting policy of the above cash flow hedging will be followed. If the hedged future cash flow is expected to no longer occur, the amount of accumulated cash flow hedge reserve recognized in other comprehensive income is transferred out of other comprehensive income and included in the profit or loss for the current period. The hedged future cash flow expectations are no longer very likely to occur but may still be expected to occur. In the case where the expected still occurs, the accumulated cash flow hedge reserve amount is retained until the expected transaction actually occurs, and then following the above cash flow hedge accounting policy.

30、Lease

(1) Identification of lease

On the commencement date of the Contract, as a lessee or a lessor, the Company evaluates whether the customer under the Contract is entitled to receive virtually all the economic benefits arising from the use of the identified assets during the use period and is entitled to dominate the use of the identified assets during the use period. The Company considers a contract to be, or contain, a lease if a party to the contract conveys the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

(2) The Company acts as the lessee

At the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for all leases, except for short-term leases and leases of low-value assets treated in a simplified manner.

See Note III, 31 for accounting policies on right-of-use assets.

The lease liabilities are initially measured as the present value of the outstanding lease payments by applying the interest rate implicit in the lease on the commencement date of the lease term. If the interest rate implicit in the lease cannot be determined, the incremental borrowing interest rate will be used as the discount rate. The amount of lease payments includes: fixed payments and substantial fixed payments, if there is a lease incentive, the amount related to lease incentive will be deducted; variable lease payments depending on an index or ratio; the exercise price of the purchase option provided that the lessee reasonably determines that the option will be exercised; the amount payable to exercise the termination option provided that the term of the lease reflects the exercise of the termination option by the lessee; and the amount expected to be paid based on the residual value guaranteed by the lessee. Subsequently, the interest expense of the lease liability in each period of the lease term should be calculated according to the fixed cyclical interest rate and recognized in the current profit or loss. The variable lease payments not included in the measurement of lease liabilities are recognized in the current profit or loss when they actually occur.

Short term lease

A short term lease means a lease with a lease term of 12 months or less at the commencement date of the lease term, unless the lease contains a purchase option.

The Company accounts for the lease payments of short-term leases as the relevant asset cost or current profit or loss on a straight-line basis in each period of the lease term.

For short-term leases, the Company will choose to use the above simplified treatment for warehouses lease with a lease term of no more than 12 months.

Low-value asset leases

Low-value asset leasing refers to a lease with a lower value when a single leased asset is a new asset.

The Company accounts for the lease payaments of low-value assets leases as the relevant asset cost or current profit or loss on a straight-line basis in each period of the lease term.

For leases of low-value assets, the Company chooses to adopt the simplified treatment described above according to the specific circumstances of each lease.

Lease modifications

If the lease is modified and the following conditions are met at the same time, the Company will treat the lease change as a separate lease for accounting: (1) The lease modification expands the scope of lease by increasing the right to use one or more leased assets; (2) The increased consideration should be equivalent to the amount of the individual price of the expanded lease area adjusted for the circumstances of the contract.

If the change of lease results in the reduction of the scope of lease or the shortening of the lease term, the Company adjusts the book value of the right-of-use assets accordingly, and the profits or losses related to partial or complete termination of lease are recognized in the current profit and loss.

The company adjust sthe book value of the right-of-use assets accordingly if the lease liabilities are remeasured due to other lease modifications.

(3) The company acts as the lessor

When the Company acts as a lessor, the lease which substantially transfers all the risks and rewards related to the ownership of the asset is classifed as a finance lease, and a lease other than the finance lease is classifed as an operating lease.

Finance lease

In a finance lease, at the beginning of the lease term, the Company takes the net lease investment as the book value of the finance lease receivable, and the net lease investment is present value of the sum of the unsecured residual value and the lease receipts not received at the beginning of the lease term discounted by the interest rate implicit in the lease. The Company, as the lessor, calculates and recognizes the interest income for each period of the lease term according to the fixed periodic interest rate. The variable lease payments obtained by the Company as the lessor, which are not included in the measurement of the net lease investment, are recognized in the profit and loss of the current period when they actually occur.

The termination and impairment of finance lease receivable shall be treated in accordance with the accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets.

Operating lease

The company shall, during each period of the lease term, recognize the operating lease payments in the current profit and loss on a straight-line basis. The initial direct expenses incurred in connection with the operating lease shall be capitalized and ammorized on the same basis as the rental income during the lease term and shall be recognized in the current profits or losses in stages. The variable lease payments obtained in connection with the operating lease and not included in the lease receipts shall be recognized in the current profit or loss when actually incurred.

Lease modification

If the finance lease is changed and not accounted for as a separate lease, the Company will treat the changed lease as follows: ①If the modification takes effect on the effective date of the lease, the lease will be classified as an operating lease. The company will treat the change as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset; ②If the modification takes effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the provisions of "Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments" on the modification or renegotiation of the contract.

31. Right to use assets

(1) Recognition conditions of right-of-use assets

The Group’s right-of-use asset refers to the right of the Group as the lessee to use the leased asset during the lease term.

On the commencement date of the lease term, the right-of-use asset is initially measured at cost. The cost includes: the initial measurement amount of the lease liability; the lease payment paid on or before the beginning of the lease term, if there is a lease incentive, the amount of the lease incentive is deducted; the initial direct expenses incurred by the group as a lessee; the cost is expected to incurred by the group as a lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. As the lessee, the Group recognizes and measures the costs of demolition and restoration in accordance with the "Accounting Standards for Business Enterprises No. 13-Contingent Events". Subsequent adjustments are made for any remeasurement of lease liabilities.

(2) Depreciation method of right-of-use assets

The Group uses the straight-line method to accrue depreciation. As the lessee, the Group can reasonably determine that it will acquire the ownership of the leased asset at the expiry of the lease term, and depreciation shall be accrued during the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained when the lease term expires, depreciation shall be accrued during the shorter period of the lease term and the remaining useful life of the leased asset.

(3) Please refer to Note III.18 for the method of impairment testing of the right-of-use asset and the method of withdrawing impairment provision.

32. Changes in accounting policies and accounting estimates

(1) Changes in accounting policies

New lease standard

The Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 22-Lease (Revised)" (hereinafter referred to as the “new lease standard”) in 2018, which requires companies that are listed simultaneously at home country and abroad or companies that are listed overseas and adopt International Financial Reporting Standards or Accounting Standards for Business Enterprises in preparing financial statements to adopt the new lease standard since January 1, 2019. Other companies that implement the Accounting Standards for Business Enterprises will adopt the new lease standard since January 1, 2021. The 28th meeting of the second board of directors of the company held on April 26, 2021, approved the adoption of the new lease standard since January 1, 2021, and adjusted the relevant contents of the accounting policy. Please refer to Note 3, 30 and 31 for the changed accounting policy.

As a lessee

The new lease standard requires lessees to recognize right-of-use assets and lease liabilities for all leases, except for simplified short-term leases and low-value asset leases, and to recognize depreciation and interest expenses separately.

For contracts that existed before the first execution date, the company chose not to reassess whether they were leases or contained leases on the first execution day.

The new lease standard allows lessees to choose one of the following methods for cohesive accounting treatment of leases:

- Adopt the retrospective adjustment method in accordance with the "Accounting Standards for Business Enterprises No. 28-Accounting Policies, Changes in Accounting Estimates and Error Corrections".
- According to the cumulative impact of the initial application of this standard, adjust the amount of beginning balance of retained earnings and other related items in the financial statements at the year of initial application of this standard, and do not adjust the comparable period information.

In accordance with the provisions of the new lease standard, the company has retrospectively adjusted the difference between the new lease standard and the original lease standard on the first application date into the retained earnings at the beginning of 2021. At the same time, the company has not restated the comparative information in the financial statements.

- For finance leases before the first application date, the Company measures the right-of-use assets and lease liabilities according to the original book value of the finance lease assets and the finance lease payables;
- For operating leases before the first application date, the company measures the lease liabilities based on the present value of the remaining lease payments discounted by the incremental borrowing rate on the first application date. For all leases, the right-of-use assets shall be measured at an amount equal to the lease liabilities and adjusted as necessary according to the prepaid amount of lease payments.
- On the date of first application, the company conducts impairment tests on the right-of-use assets in accordance with Note V. 31 and conducts corresponding accounting treatments.

The company adopts simplified method for operating leases where the leased assets are low-value assets before the date of first application, or operating leases that will be completed within 12 months, and the right-of-use assets and lease liabilities are not recognized.

The initial application of the new lease standard adjusts the relevant items of the financial statements at the beginning of the first application year:

Item	As at 2020.12.31	As at 2021.01.01	Adjustment
Fixed assets	19,621,648,443.02	19,474,588,007.19	-147,060,435.83
Right-of-use assets		147,060,435.83	147,060,435.83
Lease liabilities		43,938,630.30	43,938,630.30

Item	As at 2020.12.31	As at 2021.01.01	Adjustment
Long-term payables	1,193,938,630.30	1,150,000,000.00	-43,938,630.30

The change of accounting policy has no impact on the income statement.

(2) Changes in accounting estimates

During the reporting period, the Company did not have any change in accounting estimates.

VI. Taxation

1. Types of taxes and tax rate

Taxes	Tax Basis	Statutory Tax Rates %
Value added tax	Taxable income	13, 9, 6
Urban maintenance and construction tax	Subject to turnover tax	7, 5
Educational surcharge	On the bases of actual payments of business tax and value-added tax	3
Local educational surcharge	On the bases of actual payments of business tax and value-added tax	2
Enterprise income tax	Taxable profit	Note

Note: Except for the Company and the following subsidiaries, the applicable corporate income tax rate for all other taxable entities within the scope of consolidation is 25%.

Taxable entities	Enterprise income tax rate %
Qinghai Contemporary Amperex Technology Limited	15
Sichuan Contemporary Amperex Technology Co., Ltd.	15
Guangdong Brunp Recycling Technology Co., Ltd.	15
Hunan Brunp Recycling Technology Co., Ltd.	15
Hunan Brunp Vehicle Recycling Co., Ltd.	15
Longyan Sikang New Material Co., Ltd.	15
Jiangsu Contemporary Amperex Technology Limited	15
United Auto Battery Co., Ltd.	15
Brunp (China) Recycling Technology Co., Limited	8.25, 16.5
HK Brunp Resource Recycling Technology Co., Limited	8.25, 16.5
Hong Kong Brunp Contemporary Amperex Co., Ltd.	8.25, 16.5
Contemporary Amperex Technology (Hong Kong) Limited	8.25, 16.5
Contemporary Amperex Technology (Hong Kong) Mining Limited	8.25, 16.5
CATL Mining Engineering Limited	8.25, 16.5

Taxable entities	Enterprise income tax rate %
CATL Mining No.1 Limited	8.25, 16.5
CATL Mining No.2 Limited	8.25, 16.5
Contemporary Amperex Technology GmbH	32.98
Contemporary Amperex Technology France	26.5
Contemporary Amperex Technology Canada Limited	27
Contemporary Amperex Technology (USA), Inc.	21-41
CATLUSINC	21-41
ContemporaryAmperexTechnologyKentucky,LLC	21-41
Contemporary Amperex Technology Japan KK	25-34.6
Contemporary Amperex Technology Luxembourg S.à r.l.	24.94
Contemporary Amperex Technology Thuringia GmbH	30.525
Chengdu Xinjin Contemporary New Energy Technology Co., Ltd.	15
Yibin Contemporary Energy Storage Technology Co., Ltd.	15
Contemporary Geely (Sichuan) Power Battery Co., Ltd.	15
Hong Kong CBL Limited	8.25、16.5
LANGTI INTERNATIONAL HOLDING Limited	8.25、16.5
RENASCENCE INVESTMENT Limited	8.25、16.5
Indonesia Puqing Recycling Technology Co., Ltd.	22
Indonesia Puqin Contemporary Co., Ltd.	22
PTLANGITMETALINDUSTRY	22

2. Tax incentives and approval documents

(1) The Company and several subsidiaries are recognized as high-tech enterprises. According to the relevant regulations of the "Enterprise Income Tax Law of the People's Republic of China" and "Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China" and other relevant regulations, the enterprise income tax enjoys a preferential rate 15% and the policies are detailed in the table below:

No.	Company name	Effective tax rate	Preferential period
1	The Company	15%	2020-2022
2	Guangdong Brunp Recycling Technology Co., Ltd.	15%	2019-2021
3	Hunan Brunp Recycling Technology Co., Ltd. (Note)	15%	2019-2021
4	Hunan Brunp Vehicle Recycling Co., Ltd.	15%	2020-2022
5	Longyan Sikang New Material Co., Ltd.	15%	2019-2021

No.	Company name	Effective tax rate	Preferential period
6	Jiangsu Contemporary Amperex Technology Limited	15%	2019-2021
7	United Auto Battery Co., Ltd.	15%	2020-2022

Note: According to Article 99 of the "Implementing Regulations of the Law of the People's Republic of China on Enterprise Income Tax Regulation", the revenue generated by Hunan Brunp Recycling Technology Co., Ltd. ("Hunan Brunp"), a subsidiary of the company, in application of specified resources that is included in "Catalog for Resource Comprehensive Utilization Incentive of Enterprise Income Tax" as the main raw materials, the relevant taxable income is reduced to 90% level.

(2) According to relevant provisions "Notice on Collection of Consumption Tax on Batteries and Paints" (Caishui (2015) No. 16), the company and its subsidiaries engaged in the production and sales of lithium-ion batteries are items exempted from consumption tax.

(3) Since July 1, 2015, Hunan Brunp, a subsidiary of the Company, has sold self-produced products of comprehensive utilization of resources and provided service of comprehensive utilization of resources in accordance with the relevant provisions of "Catalog of Resource Comprehensive Utilization Products and Services Value Added Tax Preferential Policy" issued by the State Administration of Taxation, the value-added-tax enjoys a levy and refund policy with a tax refund ratio of 30%.

(4) According to the “Notice of the State Administration of Taxation and the General Administration of Customs of the Ministry of Finance on Deepening the Implementation of the Western Development Strategy Relevant Tax Policy Issues” (Caishui [2011] No. 58) and “Notice on the Implementation of the "Catalogue of Encouraged Industries in the Western Region" on Income Tax Issues” (State Administration of Taxation Announcement No. 14 of 2015), the subsidiaries Qinghai Contemporary, Sichuan Contemporary, Xinjin Contemporary, Yibin Contemporary, and Sichuan Geely Company enjoy preferential enterprise income tax rate of 15%.

According to the "Announcement on the Continuation of Corporate Income Tax Policies for the Development of the Western Region" (Ministry of Finance Announcement No. 23 of 2020), the preferential corporate income tax policies for subsidiaries Qinghai Times, Sichuan Times, Xinjin Times, Yibin Times, and Times Geely (Sichuan) will continue until December 31, 2030.

Company name	Effective tax rate	Preferential period
Qinghai Contemporary Amperex Technology Co., Ltd.	15%	January 2015 to December 2030
Sichuan Contemporary Amperex Technology Co., Ltd.	15%	January 2020 to December 2030
Chengdu Xinjin Contemporary New Energy Technology Co., Ltd.	15%	February 2021 to December 2030
Yibin Contemporary Energy Storage Technology Co., Ltd.	15%	March 2021 to December 2030
Contemporary Geely (Sichuan) Power Battery	15%	September 2020 to December 2030

Co., Ltd.

(5) According to Hong Kong's newly revised tax regulations, for the tax year beginning after April 1, 2018, the profit tax rate for the first HKD 2 million profits is 8.25%, and part of the profits exceeding HKD 2 million is taxed at 16.5%.

V. Notes to the items of consolidated financial statements

1. Cash and bank balance

Item	As at 2021.06.30	As at 2020.12.31
Cash in hand	312,152.28	290,641.78
Bank balance	67,726,154,283.99	63,677,970,117.14
Finance company deposits		24.65
Other monetary funds	6,960,230,843.85	4,745,855,270.10
Total	**74,686,697,280.12**	**68,424,116,053.67**
Including: Total amount deposited overseas	753,865,596.97	717,496,195.09

Note: Cash and bank balances at year end that are not included as cash and cash equivalents in the cash flow statement include: security deposits of RMB 5,822.68 million, deposit certificate as pledge to bank borrowings of RMB 615.33 million, RMB 656,000.00 for time deposits and accrued interest receivable of RMB 316.12 million at effective interest rate.

Except for the above-mentioned balances at year end, there is no other pledged or frozen money, or deposits abroad and funds repatriation subjected to restriction.

2. Trading financial assets

Item	As at 2021.06.30	As at 2020.12.31
Trading financial assets	2,214,851,732.73	3,288,071,512.61
Including: bank financial products and structured deposits	2,214,851,732.73	3,288,071,512.61

3. Derivative financial assets

Item	As at 2021.06.30	As at 2020.12.31
Hedging instrument	1,184,105,581.40	1,330,347,108.86

Note: During the reporting period, the Company carried out hedging transactions by using metal forward contracts and forward foreign exchange contracts as hedging instruments. The balance as at 30 June 2021 includes the security deposits and gain or loss from changes in fair value of outstanding metal contracts and forward foreign exchange settlement contracts, details refer to Note V. 64 Hedging.

4. Notes receivable

Category	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for bad	Carrying amount	Book balance	Provision for bad	Carrying amount

		debts			debts	
Bank acceptance bills	5,485,309,961.18		5,485,309,961.18	9,777,009,101.78		9,777,009,101.78
Commercial acceptance bills				101,000,000.00	852,752.55	100,147,247.45
Total	**5,485,309,961.18**		**5,485,309,961.18**	**9,878,009,101.78**	**852,752.55**	**9,877,156,349.23**

Note: The notes receivable used for pledge or guarantee at the end of the period are detailed in Note V. 62 "Assets with restricted ownership or right of use".

(1) Notes receivable that has been pledged as of 30/06/2021

Category	Pledged amount as at year end
Bank acceptance bills	777,749,862.92

(2) Notes receivables that have been endorsed or discounted at the end of the period and have not yet expired as of 30/06/2021

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	10,437,762,209.12	

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings.

5. Accounts receivable

(1) Accounts receivable by ageing

Ageing	As at 2021.06.30	As at 2020.12.31
Within 1 year	13,236,878,179.94	11,103,559,114.31
1 to 2 years	1,040,497,414.68	354,489,465.03
2 to 3 years	29,549,686.74	40,941,618.72
Over 3 years	168,236,013.54	223,460,144.72
Subtotal	**14,475,161,294.90**	**11,722,450,342.78**
Less: Provision for bad debts	493,336,928.69	428,926,619.90
Total	**13,981,824,366.21**	**11,293,523,722.88**

(2) Accounts receivable by bad debt provision method

Category	As at 2021.06.30				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit	

				loss rate (%)	
Individually assessed for provision for bad debts	71,387,508.74	0.49	71,387,508.74	100.00	
Assessed by portfolio for provision for bad debts	14,403,773,786.16	99.51	421,949,419.95	2.93	13,981,824,366.21
Including: Receivables from external customers	14,403,773,786.16	99.51	421,949,419.95	2.93	13,981,824,366.21
Total	**14,475,161,294.90**	**100.00**	**493,336,928.69**	**3.41**	**13,981,824,366.21**

Continued

Category	As at 2020.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	160,840,618.40	1.37	160,840,618.40	100.00	
Assessed by portfolio for provision for bad debts	11,561,609,724.38	98.63	268,086,001.50	2.32	11,293,523,722.88
Including: Receivables from external customers	11,561,609,724.38	98.63	268,086,001.50	2.32	11,293,523,722.88
Total	**11,722,450,342.78**	**100.00**	**428,926,619.90**	**3.66**	**11,293,523,722.88**

Individually assessed for provision for bad debts:

Name	As at 2021.06.30			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	18,002,033.35	18,002,033.35	100.00	Expected difficult to fully recover
Debtor 2	16,338,424.00	16,338,424.00	100.00	Expected difficult to fully recover
Debtor 3	16,337,499.76	16,337,499.76	100.00	Expected difficult to fully

				recover
Debtor 4	13,879,208.57	13,879,208.57	100.00	Expected difficult to fully recover
Debtor 5	6,423,584.60	6,423,584.60	100.00	Expected difficult to fully recover
Other summary	406,758.46	406,758.46	100.00	Expected difficult to fully recover
Total	**71,387,508.74**	**71,387,508.74**	**100.00**	

Continued

Name	As at 2020.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	88,533,109.69	88,533,109.69	100.00	Expected difficult to fully recover
Debtor 2	18,002,033.35	18,002,033.35	100.00	Expected difficult to fully recover
Debtor 3	17,438,424.00	17,438,424.00	100.00	Expected difficult to fully recover
Debtor 4	16,337,499.76	16,337,499.76	100.00	Expected difficult to fully recover
Debtor 5	13,879,208.57	13,879,208.57	100.00	Expected difficult to fully recover
Total	**154,190,275.37**	**154,190,275.37**	**100.00**	

Provision for bad debts on portfolios:

Provision on portfolio basis: Receivables from external customers

Ageing	As at 2021.06.30		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	13,239,358,747.94	104,449,305.69	0.79
1 to 2 years	1,039,162,588.25	192,797,811.84	18.55
2 to 3 years	13,211,833.64	12,661,686.09	95.84
Over 3 years	112,040,616.33	112,040,616.33	100.00
Total	**14,403,773,786.16**	**421,949,419.95**	**2.93**

Continued

Ageing	As at 2020.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	11,103,559,114.31	85,786,541.97	0.77

1 to 2 years	337,925,206.84	62,373,782.26	18.46
2 to 3 years	6,821,992.47	6,624,949.87	97.11
Over 3 years	113,303,410.76	113,300,727.40	100.00
Total	**11,561,609,724.38**	**268,086,001.50**	**2.32**

(3) Additions, recoveries or reversals of provision for bad debts during the reporting period

	Provision for bad debts
As at 2020.12.31	428,926,619.90
Provision for the year	153,572,479.27
Recovered or reversal in the year	89,453,109.66
Additions arising from business combination	290,939.18
As at 2021.06.30	493,336,928.69

Including: Significant amount of recovery or reversal of provision for bad debts as follows:

Entity	**Reason of reversal**	**Collection method**	**Amount recovered or reversed**
Customer B	Cash received	Cash	88,353,109.66

(4) Accounts receivable due from the top five debtors as at 30/06/2021

Accounts receivable due from the top five debtors as at 30/06/2021 was totaling RMB 6,277,526,590.18, which accounted for 43.37% of total accounts receivable, and the corresponding provision for bad debts as at 30/06/2021 was totaling RMB 221,641,272.07.

6. Prepayments

(1) Prepayments by ageing

Ageing	**As at 2021.06.30**		**As at 2020.12.31**	
	Amount	**Ratio %**	**Amount**	**Ratio %**
Within 1 year	3,690,808,672.36	95.90	837,144,324.93	83.96
1 to 2 years	157,606,336.37	4.10	159,974,305.32	16.04
Total	**3,848,415,008.73**	**100.00**	**997,118,630.25**	**100.00**

Note: As of June 30, 2021, the advance payment with an aging of more than one year is mainly the outstanding payment for the suppliers.

(2) Prepayments due from the top five debtors as at 30/06/2021

Prepayments due from the top five debtors as at 30/06/2021 ware totaling RMB 1,999,328,276.98, which accounted for 51.95% of total prepayments.

7. Other receivables

① Disclosure by ageing

Ageing	As at 2021.06.30	As at 2020.12.31
Within 1 year	2,187,657,557.76	643,246,221.68
1 to 2 years	2,181,865,795.83	2,587,454,366.20
2 to 3 years	83,810,199.94	477,808,159.26
Over 3 years	34,897,739.14	19,441,994.01
Subtotal	**4,488,231,292.67**	**3,727,950,741.15**
Less: Provision for bad debts	429,619,928.00	423,993,928.00
Total	**4,058,611,364.67**	**3,303,956,813.15**

② Other receivables by category

Item	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Receivables from employees	412,168,923.96		412,168,923.96	316,436,903.31		316,436,903.31
Security deposits or deposits	3,661,344,421.38	90,873,300.00	3,570,471,121.38	2,794,849,280.11	20,464,400.00	2,774,384,880.11
Other receivables	414,717,947.33	338,746,628.00	75,971,319.33	616,664,557.73	403,529,528.00	213,135,029.73
Total	**4,488,231,292.67**	**429,619,928.00**	**4,058,611,364.67**	**3,727,950,741.15**	**423,993,928.00**	**3,303,956,813.15**

③ Information of provision for bad debts

A. As of 30 June 2021, the provision for bad debts under the 3 stages model are as follow:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	4,028,611,364.67		4,028,611,364.67
Stage 2			
Stage 3	459,619,928.00	429,619,928.00	30,000,000.00
Total	**4,488,231,292.67**	**429,619,928.00**	**4,058,611,364.67**

As at 30/06/2021, the provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	412,168,923.96			412,168,923.96	

Security deposits or deposits	3,045,471,121.38		3,045,471,121.38
Other receivables	570,971,319.33		570,971,319.33
Total	**4,028,611,364.67**		**4,028,611,364.67**

As at 30/06/2021, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	291,743,200.00	100.00	291,743,200.00		Expected not recoverable
Debtor 2	100,000,000.00	70.00	70,000,000.00	30,000,000.00	Expected not fully recoverable
Debtor 3	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Debtor 4	20,838,800.00	100.00	20,838,800.00		Expected not recoverable
Provision for bad debts on portfolio basis					
Other receivables	41,128.00	100.00	41,128.00		Expected not recoverable
Total	**459,619,928.00**	**93.47**	**429,619,928.00**	**30,000,000.00**	

B. As of 31 December 2020, the provision for bad debts under the 3 stages model are as follow:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	3,273,956,813.15		3,273,956,813.15
Stage 2			
Stage 3	453,993,928.00	423,993,928.00	30,000,000.00
Total	**3,727,950,741.15**	**423,993,928.00**	**3,303,956,813.15**

As at 31/12/2020, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	316,436,903.31			316,436,903.31	
Security deposits or deposits	2,774,384,880.11			2,774,384,880.11	
Other receivables	183,135,029.73			183,135,029.73	
Total	**3,273,956,813.15**			**3,273,956,813.15**	

As at 31/12/2020, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	286,501,600.00	100.00	286,501,600.00		Expected not recoverable
Debtor 2	100,000,000.00	70.00	70,000,000.00	30,000,000.00	Expected not fully recoverable
Debtor 3	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Debtor 4	20,464,400.00	100.00	20,464,400.00		Expected not recoverable
Provision for bad debts on portfolio basis					
Other receivables	31,128.00	100.00	31,128.00		Expected not recoverable
Total	**453,993,928.00**	**93.39**	**423,993,928.00**	**30,000,000.00**	

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the entire duration (no credit impairment occurred)	Third stage Expected credit loss for the entire duration (credit impairment has occurred)	Total
Balance at 31/12/2020			423,993,928.00	423,993,928.00
Changes of the balance at 31/12/2020 during the year				
-- transfer to second stage				
-- transfer to third stage				
-- transfer back to second stage				
-- transfer back to first stage				
Provision for the year				
Reversal in the year				
Disposal in the year				
Written-off in the year				
Other changes			5,626,000.00	5,626,000.00
Balance at 30/06/2021			429,619,928.00	429,619,928.00

⑤ Other receivables due from the top five debtors as at 30/06/2021

Entity	Nature	Other receivables as at 30/06/2021	Ageing	Proportion to total other receivables (%)	Provision for bad debts as at 30/06/2021
Debtor 1	Security deposits or deposits	1,597,500,000.00	1 to 2 years	35.59	
Debtor 2	Security deposits or deposits	907,533,000.00	Within 1 year	20.22	
Debtor 3	Security deposits or deposits	375,000,000.00	Within 1 year	8.36	
Debtor 4	Other receivables	291,743,200.00	1 to 2 years	6.50	291,743,200.00
Debtor 5	Security deposits or deposits	120,000,000.00	Within 1 year	2.67	
Total		**3,291,776,200.00**		**73.34**	**291,743,200.00**

8. Inventories

(1) Inventories by category

Item	As at 2021.06.30		
	Book balance	Provision for decline in value or impairment of contract fulfillment costs	Carrying amount
Raw materials	4,997,585,516.38	263,013,050.25	4,734,572,466.13
Work in progress	118,765,176.31		118,765,176.31
Reusable materials	85,146,163.99	271,714.48	84,874,449.51
Finished goods	12,186,687,848.71	1,447,355,103.20	10,739,332,745.51
Issuing goods	4,530,184,562.57	20,907,432.47	4,509,277,130.10
Semi-finished goods	2,888,192,630.44	165,181,796.63	2,723,010,833.81
Subcontracting materials	578,580,616.32	45,355,203.50	533,225,412.82
Contract performance costs	722,647,590.94		722,647,590.94
Total	**26,107,790,105.66**	**1,942,084,300.53**	**24,165,705,805.13**

(Continued)

Category	As at 2020.12.31		
	Book balance	Provision for decline in value or impairment of contract fulfillment costs	Carrying amount
Raw materials	2,571,208,479.12	325,053,986.47	2,246,154,492.65
Work in progress	351,534,940.31		351,534,940.31
Reusable materials	32,593,107.43	401,586.58	32,191,520.85
Finished goods	5,391,396,170.28	949,055,512.68	4,442,340,657.60

Category	As at 2020.12.31		
	Book balance	Provision for decline in value or impairment of contract fulfillment costs	Carrying amount
Issuing goods	3,780,177,987.17	105,277,362.89	3,674,900,624.28
Semi-finished goods	1,659,840,990.72	139,172,494.41	1,520,668,496.31
Subcontracting materials	421,913,031.69	46,938,847.38	374,974,184.31
Contract performance costs	581,876,034.08		581,876,034.08
Total	**14,790,540,740.80**	**1,565,899,790.41**	**13,224,640,950.39**

(2) Provision for decline in value or impairment of contract fulfillment costs

Item	As at 2020.12.31	Increase		Decrease		As at 2021.06.30
		Accrual	Other	Reversal or written-off	Other	
Raw materials	325,053,986.47			62,040,936.22		263,013,050.25
Reusable materials	401,586.58			129,872.10		271,714.48
Finished goods	949,055,512.68	677,075,769.41		178,776,178.89		1,447,355,103.20
Issuing goods	105,277,362.89	16,402,402.56		100,772,332.98		20,907,432.47
Semi-finished goods	139,172,494.41	26,009,302.22				165,181,796.63
Subcontracting materials	46,938,847.38			1,583,643.88		45,355,203.50
Total	**1,565,899,790.41**	**719,487,474.19**		**343,302,964.07**		**1,942,084,300.53**

Provision for decline in value or impairment of contract fulfillment costs (Continued)

Category	Specific basis for determining net realizable value/residual consideration and costs to be incurred	Reason of reversal or write-off of provision for decline in value or impairment of contract fulfillment costs
Raw materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Reusable materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Finished goods	Estimated selling price deducting related taxes	Reversal due to sales
Issuing goods	Estimated selling price deducting related taxes	Reversal due to sales
Semi-finished goods	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales
Subcontracting materials	Estimated selling price deducting estimated cost to completion and related taxes	Taken to use or reversal on sales

9. Contract assets

Item	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Product sales	77,704,175.06	628,250.14	77,075,924.92	75,909,939.54	640,914.78	75,269,024.76
Less: contract assets stated on Other Non-current Assets						
Total	**77,704,175.06**	**628,250.14**	**77,075,924.92**	**75,909,939.54**	**640,914.78**	**75,269,024.76**

(1) Changes in provision for bad debts of contract assets during the reporting period

Item	Provision for the year	Reversal in the year	Disposal / Write-off for the year	Reason
Provision for bad debts of contract assets		12,664.64		

10. Non-current assets due within one year

Item	As at 2021.06.30	As at 2020.12.31
Long-term receivables due within 1 year	143,447,332.70	81,548,616.67

11. Other current assets

Item	As at 2021.06.30	As at 2020.12.31
Input VAT	1,654,133,496.93	410,500,212.90
Input VAT pending for verification	1,457,100,395.57	544,510,281.16
Prepaid income tax	39,078,682.58	14,230,045.15
Total	**3,150,312,575.08**	**969,240,539.21**

12. Long-term receivables

(1) Long-term receivables disclosed by nature

Item	As at 2021.06.30			As at 2020.12.31			Discount rate range
	Book balance	Provisions for bad debts	Carrying value	Book balance	Provisions for bad debts	Carrying value	
Financing lease	606,872,140.16		606,872,140.16	453,705,208.33		453,705,208.33	
Including: Unrealized financing income	-96,774,464.18		-96,774,464.18	-73,294,617.23		-73,294,617.23	
Subtotal	**606,872,140.16**		**606,872,140.16**	**453,705,208.33**		**453,705,208.33**	

Item	As at 2021.06.30			As at 2020.12.31			Discount rate range
	Book balance	Provisions for bad debts	Carrying value	Book balance	Provisions for bad debts	Carrying value	
Less: Long-term receivables due within 1 year	143,447,332.70		143,447,332.70	81,548,616.67		81,548,616.67	
Total	**463,424,807.46**		**463,424,807.46**	**372,156,591.66**		**372,156,591.66**	

13. Long-term equity investment

Investee	2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2021
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
①Joint ventures											
Shenzhen Senta New Energy Technology Co., Ltd.											8,963,026.55
State Grid Amperex (Fujian) Energy Storage Development Co., Ltd.	15,033,784.56	64,000,000.00		873,053.59						79,906,838.15	
Shanghai Kuaibu New Energy Technology Co., Ltd.	14,536,433.02	9,800,000.00		-1,846,105.43						22,490,327.59	
Subtotal	**29,570,217.58**	**73,800,000.00**		**-973,051.84**						**102,397,165.74**	**8,963,026.55**
②Associates											
Beijing Pride Advanced Materials Limited	78,779,249.64			-5,608,090.73						73,171,158.91	
SAIC-CATL EV Battery System Co., Ltd.	177,313,970.36			26,401,747.98						203,715,718.34	
National New Energy Vehicle Technology Innovation Center	28,485,739.07			-2,239,693.88						26,246,045.19	
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	26,400,000.00	4,400,000.00		-2,626,124.44						28,173,875.56	
Nanjing Karui Innovation and Entrepreneurship	4,663,121.68			-663,901.59						3,999,220.09	

Investee	2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2021
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Management Service Co., Ltd.											
Yibin Tianyi Lithium Industry Co., Ltd.	105,990,972.43	88,808,734.42		53,665,161.25	24,293,822.33					272,758,690.43	
Fujian Ningde Zhixiang Infinite Technology Co., Ltd.	455,323,069.15			-7,911,980.86						447,411,088.29	
Fujian Contemporary Nebula Energy Technology Ltd.	16,776,193.19			-1,898,024.82						14,878,168.37	
GAC-CATL EV Battery System Co., Ltd.	45,403,143.27			-327,743.89						45,075,399.38	
Qujing Lintie Technology Co., Ltd.	80,812,478.71	8,000,000.00		279,522.32						89,092,001.03	
Henan Yuexin Contemporary New Energy Technology Co., Ltd.	14,026,951.42	10,000,000.00		-3,515,590.49						20,511,360.93	
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	8,555,482.94			-1,584,404.04						6,971,078.90	
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	20,300,287.38			103,776.59						20,404,063.97	
Wuhan Weineng Battery Assets Co., Ltd.	201,292,445.59			3,891,499.24			-750,235.14			204,433,709.69	
Xinneng Yishite (Yangzhou) Technology Co., Ltd.	4,904,011.48			-31,887.72						4,872,123.76	
Fujian Yongfu Electric Power Design Co.,	190,373,866.05	21,152,651.79		690,330.68						212,216,848.52	

Investee	2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2021
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Ltd.											
Fujian Hongda Contemporary New Energy Technology Co., Ltd.	7,800,000.00			741,985.62						8,541,985.62	
Changzhou Mengteng Intelligent Equipment Co., Ltd.	7,500,000.00			1,016,237.06						8,516,237.06	
Xiaokang Life Insurance Co. , Ltd.	900,000,000.00			-1,042,539.21						898,957,460.79	
Chongqing Ant Consumer Finance Co., Ltd.	640,000,000.00									640,000,000.00	
Ningde Wenda Magnesium Aluminum Technology Co., Ltd.		15,000,000.00		-379,985.14						14,620,014.86	
Fujian Contemporary Mindong Neo Energy Industry Equity Investment Partnership (Limited Partnership)		329,400,000.00		-1,595,942.14						327,804,057.86	
Ningpu Contemporary Battery Technology Co., Ltd.		245,000,000.00		74,299.91						245,074,299.91	
Jiangsu Zhima Energy Technology Co., Ltd.		30,000,000.00		-248,020.48						29,751,979.52	
Wuxi Lead Intelligent Equipment Co., Ltd.		2,499,999,994.05								2,499,999,994.05	
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	10,849,019.82			-1,657,172.76						9,191,847.06	

Investee	2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2021
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
NEWSTRIDETECHNOLOGYLIMITED	665,710,254.02			141,891,865.16			-50,270,489.21		-29,432,963.57	727,898,666.40	
PTQMBNEWENERGYMATERIALS	51,697,977.17	41,928,228.80	31,897,090.20	476,091.23					493,472.17	62,698,679.17	
Zhejiang QMB Engineering Service Co., Ltd.	28,833,167.90		19,130,000.00	613,871.11						10,317,039.01	
VEINSTONEINVESTMENTLIMITED	61,602,477.38			16,270,784.76					-4,929,718.67	72,943,543.47	
NEOLITHIUMCORP.	44,189,771.02	13,702,727.25							-520,610.45	57,371,887.82	
Wuxi Langcun Investment Center (Limited Partnership)	5,359,321.52			-25,787.17						5,333,534.35	
PT.INDONESIAWEDABAYINDUSTRIALPARK		82,267,027.38		65,677,888.18					-731,345.96	147,213,569.60	
Ningde Chendao New Energy Industry Investment Partnership (Limited Partnership)		7,984,000.00								7,984,000.00	
VALMETAUTOMOTIVEOY	196,052,386.98			-15,650,930.81				150,000,000.04	-4,055,293.16	26,346,162.97	150,000,000.04
PILBARAMINERALSLIMITED	268,651,723.31			-8,715,394.74					-3,227,401.44	256,708,927.13	
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	145,185,453.14			-5,852,460.88					-552.29	139,332,439.97	
INCEPTIOGROUPLIMITED	271,680,315.54			-21,762,180.33					-54,735.82	249,863,399.39	
NORTHAMERICANLITHIUMINC											305,039,104.28

Investee	2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2021
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
NORTHAMERICANNICKELINC	18,989,837.40			-1,609,503.74					354,914.84	17,735,248.50	43,552,133.33
Yibin Chendao New Energy Industry Equity Investment Partnership (Limited Partnership)		1,000,000,000.00								1,000,000,000.00	
Subtotal	4,783,502,687.56	4,397,643,363.69	51,027,090.20	226,847,701.23	24,293,822.33		-51,020,724.35	150,000,000.04	-42,104,234.35	9,138,135,525.87	498,591,237.65
Total	**4,813,072,905.14**	**4,471,443,363.69**	**51,027,090.20**	**225,874,649.39**	**24,293,822.33**		**-51,020,724.35**	**150,000,000.04**	**-42,104,234.35**	**9,240,532,691.61**	**507,554,264.20**

Note: "Other" of movement in the year is due to the effect of foreign currency exchange rate on foreign investment.

14. Other equity instruments investment

Item	As at 2021.06.30	As at 2020.12.31
Guolian Automobile Battery Research Institute Co., Ltd.	41,000,000.00	41,000,000.00
Changjiang Chendao (Hubei) New Energy Industry Investment Partnership (Limited Partnership)	472,180,238.09	472,180,238.09
Hangzhou Pengcheng New Energy Technology Co., Ltd.	4,500,000.00	4,500,000.00
Guangdong Dongfang Precision Technology Co., Ltd.	215,250,403.84	218,039,825.92
Beiqi Blue Valley New Energy Technology Co., Ltd.	1,156,439,504.23	175,515,870.15
HORIZONROBOTICS	323,005,000.00	326,245,000.00
Hangzhou Xinmai Semiconductor Technology Co., Ltd.	200,000,000.00	200,000,000.00
Hunan Yuneng Neo Energy Battery Materials Co., Ltd.	200,000,000.00	200,000,000.00
Guangdong Kaijin New Energy Technology Co., Ltd.	151,546,018.79	151,546,018.79
Jiangsu Weidao Nano Equipment Technology Co. , Ltd.	120,000,040.00	120,000,040.00
Blue Valley Wisdom (Beijing) Energy Technology Co., Ltd.	38,000,000.00	38,000,000.00
Jiehuate Microelectronics (Hangzhou) Co., Ltd.	30,000,000.00	30,000,000.00
Zhun Dian Investment Co. , Ltd.	20,000,000.00	20,000,000.00
Shanghai Saike Travel Technology Service Co., Ltd.	80,000,000.00	
Fujian Nebula Electronics Co., Ltd.	96,965,937.00	
Ai Chi Automobile Co., Ltd.	50,000,000.00	
Suzhou Tianhua Super Clean Technology Co., Ltd.	233,533,195.08	
Boyu Phase IV (Xiamen) Equity Investment Partnership (Limited Partnership)	90,000,000.00	
Total	**3,522,420,337.03**	**1,997,026,992.95**

Note: The above are the investment that the Company plans to hold for a long time for strategic purposes. The Company designates it as a financial asset measured at fair value through other comprehensive income.

Item	Cumulative gain	Cumulative loss
Beiqi Blue Valley New Energy Technology Co., Ltd.	638,613,576.66	
Guangdong Dongfang Precision Technology Co., Ltd.		54,769,597.44

Fujian Nebula Electronics Co., Ltd.		3,034,055.50
Suzhou Tianhua Super Clean Technology Co., Ltd.	113,533,210.60	

15. Fixed assets

(1) Information of fixed assets

Item	Plant & buildings	Machinery & equipment	Motor vehicles	Electronic equipment	Other	Total
I. Original book value:						
1.As at 01/01/2021	8,658,337,660.43	22,285,735,630.24	114,661,331.37	656,045,824.93	146,826,756.96	31,861,607,203.93
2.Increase	2,575,503,843.25	5,396,184,576.32	32,769,376.20	227,530,809.61	7,853,287.32	8,239,841,892.70
(1) Purchase	8,968,460.46	12,969,870.57	20,935,816.19	523,792.57	873,542.41	44,271,482.20
(2) Transfer to construction in progress	1,795,730,608.05	4,447,911,420.93	3,594,461.13	226,626,397.43	6,830,276.41	6,480,693,163.95
(3) Addition by business combination	770,804,774.74	935,303,284.82	8,239,098.88	380,619.61	149,468.50	1,714,877,246.55
3.Decrease	3,304,755.95	303,008,236.63	1,649,085.52	3,893,993.25	474,121.01	312,330,192.36
(1) Disposal or scrapping	3,304,755.95	303,008,236.63	1,649,085.52	3,893,993.25	474,121.01	312,330,192.36
4. As at 30/06/2021	11,230,536,747.73	27,378,911,969.93	145,781,622.05	879,682,641.29	154,205,923.27	39,789,118,904.27
II. Accumulated depreciation						
1. As at 01/01/2021	967,158,597.41	10,469,487,782.36	53,055,552.34	322,883,390.54	84,209,425.58	11,896,794,748.23
2.Increase	253,247,829.57	2,192,986,716.71	16,676,463.82	86,411,019.79	17,953,778.36	2,567,275,808.25
(1) Accrual	246,824,456.42	2,183,124,960.19	15,750,633.84	86,086,743.32	17,920,328.46	2,549,707,122.23
(2) Addition by business combination	6,423,373.15	9,861,756.52	925,829.98	324,276.47	33,449.90	17,568,686.02
3.Decrease	682,725.37	254,628,415.29	1,213,000.88	3,037,048.80	447,864.00	260,009,054.34
(1) Disposal or scrapping	682,725.37	254,628,415.29	1,213,000.88	3,037,048.80	447,864.00	260,009,054.34
4. As at 30/06/2021	1,219,723,701.61	12,407,846,083.78	68,519,015.28	406,257,361.53	101,715,339.94	14,204,061,502.14
III. Provision for impairment						
1. As at 01/10/2021		489,621,233.28		597,419.22	5,796.01	490,224,448.51
2.Increase						
(1) Accrual						
3.Decrease		37,299,485.75				37,299,485.75
(1) Disposal or scrapping		37,299,485.75				37,299,485.75
4. As at 30/06/2021		452,321,747.53		597,419.22	5,796.01	452,924,962.76
IV. Carrying amount						
1. Carrying amount as at 30/06/2021	10,010,813,046.12	14,518,744,138.62	77,262,606.77	472,827,860.54	52,484,787.32	25,132,132,439.37
2. Carrying amount as at 01/01/2021	7,691,179,063.02	11,326,626,614.60	61,605,779.03	332,565,015.17	62,611,535.37	19,474,588,007.19

Note: For the fixed assets used for mortgage or guarantee at the end of the period, see Note V. 62 “Assets with restricted ownership or use of rights”.

(2)Fixed assets without property right registration

Item	Carrying amount	Reason of no property right registration
Ningde Contemporary Lake East Park Buildings	389,333,932.92	Certain buildings application in process
Ningde Contemporary Lake West Park Buildings	2,496,102,018.06	Certain buildings application in process
Jiangsu Contemporary New Energy Plant Building	1,819,573,569.36	Application in process
Times FAW Power Battery Project	174,291,140.46	Certain buildings application in process
Contemporary Kstar Building	28,129,875.00	Application in process
Longyan Sikang Plant Buildings	8,674,558.74	Certain buildings application in process

16. Construction in progress

(1) Construction in progress

Item	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
CATL Hubei Lithium-ion Battery Expansion Project (Phase I and II)	3,090,537,308.44		3,090,537,308.44	1,584,064,885.63		1,584,064,885.63
Sichuan Contemporary Power Battery (Yibin) Project Phase I	2,426,208,117.95		2,426,208,117.95	560,852,041.76		560,852,041.76
Sichuan Contemporary Power Battery (Yibin) Project Phase II	717,353,392.45		717,353,392.45	38,304,047.17		38,304,047.17
Thuringia Production Base Project in Europe	1,360,876,833.01		1,360,876,833.01	799,962,411.62		799,962,411.62
CATL-GAC Automobile Power Battery Project	1,215,468,721.98		1,215,468,721.98	209,431,752.41		209,431,752.41
Fuding Contemporary Lithium-ion Battery Production Base Project	826,179,771.23		826,179,771.23			
Ningde Jiaocheng Contemporary Lithium-ion Power Battery Production Base Project	686,059,717.01		686,059,717.01			

Item	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
(Cheliwan Project)						
Xinjin Contemporary Battery Production Project	616,920,589.02		616,920,589.02			
Technical transformation project	329,549,472.00		329,549,472.00	318,253,725.93		318,253,725.93
Others	4,181,121,855.48		4,181,121,855.48	2,239,482,955.85		2,239,482,955.85
Total	**15,450,275,778.57**		**15,450,275,778.57**	**5,750,351,820.37**		**5,750,351,820.37**

Note: For details of the construction in progress used for mortgage or guarantee at the end of the period, see Note V. 62 "Assets with restricted ownership or use of rights".

(2) Movement of significant construction in progress

Project	As at 2020.12.31	Increase	Transfer to fixed assets / intangible assets / long-term deferred expenses	Other decrease
CATL Huxi Lithium-ion Battery Expansion Project (Phase I and II)	1,584,064,885.63	3,697,673,100.12	2,191,200,677.31	
Sichuan Contemporary Power Battery (Yibin) Project Phase I	560,852,041.76	1,913,623,825.09	48,267,748.90	
Sichuan Contemporary Power Battery (Yibin) Project Phase II	38,304,047.17	707,166,204.80	28,116,859.52	
Thuringia production base project in Europe	799,962,411.62	681,822,462.04	120,908,040.65	
CATL-GAC Automobile Power Battery Project	209,431,752.41	1,034,657,919.57	28,620,950.00	
Fuding Contemporary Lithium-ion Battery Production Base Project		826,179,771.23		
Ningde Jiaocheng Contemporary Lithium-ion Power Battery Production Base Project (Cheliwan Project)		991,005,277.01	304,945,560.00	
Xinjin Contemporary Battery Production Project		664,108,613.86	47,188,024.84	
Total	**3,192,615,138.59**	**10,516,237,173.72**	**2,769,247,861.22**	

Continued:

Project	Accumulated capitalized interest	Including current capitalized interest	Capitalization rate%	As at 2021.06.30
CATL Huxi Lithium-ion Battery Expansion Project (Phase I and II)				3,090,537,308.44
Sichuan Contemporary Power Battery (Yibin) Project Phase I				2,426,208,117.95
Sichuan Contemporary Power Battery (Yibin) Project Phase II				717,353,392.45

Thuringia production base project in Europe	1,360,876,833.01
CATL-GAC Automobile Power Battery Project	1,215,468,721.98
Fuding Contemporary Lithium-ion Battery Production Base Project	826,179,771.23
Ningde Jiaocheng Contemporary Lithium-ion Power Battery Production Base Project (Cheliwan Project)	686,059,717.01
Xinjin Contemporary Battery Production Project	616,920,589.02
Total	**10,939,604,451.09**

Movement of significant construction in progress (Continued):

Project	Budget	Percentage of current input over budget (%)	Progress	Sources of funds
CATL Huxi Lithium-ion Battery Expansion Project (Phase I and II)	8,234,600,000.00	72.36%	Under construction	Other
Sichuan Contemporary Power Battery (Yibin) Project Phase I	4,900,000,000.00	55.12%	Under construction	Other
Sichuan Contemporary Power Battery (Yibin) Project Phase II	5,100,000,000.00	14.62%	Under construction	Other
Thuringia production base project in Europe	14,445,000,000.00	15.21%	Under construction	Other
CATL-GAC Automobile Power Battery Project	4,626,000,000.00	26.89%	Under construction	Other
Fuding Contemporary Lithium-ion Battery Production Base Project	10,200,000,000.00	8.10%	Under construction	Other
Ningde Jiaocheng Contemporary Lithium-ion Power Battery Production Base Project (Cheliwan Project)	10,000,000,000.00	9.91%	Under construction	Other
Xinjin Contemporary Battery Production Project	1,680,000,000.00	39.53%	Under construction	Other
Total	**59,185,600,000.00**	**--**	--	--

17. Right-of-use assets

Item	Plant	Mechanical Equipment	Total
I. Original book value:			
1.As at 01/01/2021		170,892,536.57	170,892,536.57
2.Increase	109,961,352.40	5,341,565.66	115,302,918.06
3.Decrease		13,834,017.67	13,834,017.67
4. As at 30/06/2021	109,961,352.40	162,400,084.56	272,361,436.96
II. Accumulated depreciation			
1.As at 01/01/2021		23,832,100.74	23,832,100.74
2.Increase	5,396,520.00	8,946,627.12	14,343,147.12
(1) Accrual	5,396,520.00	8,946,627.12	14,343,147.12
3.Decrease		2,956,762.59	2,956,762.59
(1) Disposal or scrapping			

(2) Other decrease		2,956,762.59	2,956,762.59
4. As at 30/06/2021	5,396,520.00	29,821,965.27	35,218,485.27
III. Carrying Value			
1. Carrying Value as at 30/06/2021	104,564,832.40	132,578,119.29	237,142,951.69
2. Carrying Value as at 01/01/2021		147,060,435.83	147,060,435.83

Note: Due to changes in accounting policies, fixed assets are reclassified as right-of-use assets. For the impact of accounting policy changes on right-of-use assets, see "III, 32, Changes in Accounting Policies and Accounting Estimates".

18. Intangible assets

(1) Information of intangible assets

Item	Land use rights	Proprietary technology	Licensed technology	Software	Trademark	Domain name	Total
I. Original book value							
1.As at 31/12/2020	2,425,913,897.93	105,450,000.00	227,968,918.33	237,757,158.09	52,160,000.00	10,570,000.00	3,059,819,974.35
2.Increase	939,232,482.22			10,758,592.80			949,991,075.02
(1) Purchase	939,232,482.22			10,693,906.78			949,926,389.00
(2) Addition by business combination				64,686.02			64,686.02
3.Decrease				80,791.78			80,791.78
(1) Disposal				80,791.78			80,791.78
4.As at 30/06/2021	3,365,146,380.15	105,450,000.00	227,968,918.33	248,434,959.11	52,160,000.00	10,570,000.00	4,009,730,257.59
II. Accumulated amortization							
1.As at 31/12/2020	121,610,923.18	82,013,750.00	154,746,500.15	183,513,075.56			541,884,248.89
2.Increase	28,945,853.88	5,858,124.95	11,273,509.15	26,552,601.77			72,630,089.75
(1) Charge for the year	28,945,853.88	5,858,124.95	11,273,509.15	26,487,915.75			72,565,403.73
(2) Addition by business combination				64,686.02			64,686.02
3.Decrease				77,228.75			77,228.75
(1) Disposal				77,228.75			77,228.75
4. As at 30/06/2021	150,556,777.06	87,871,874.95	166,020,009.30	209,988,448.58			614,437,109.89
III. Provision for impairment							
IV. Carrying amount							
1. Carrying amount as at 30/06/2021	3,214,589,603.09	17,578,125.05	61,948,909.03	38,446,510.53	52,160,000.00	10,570,000.00	3,395,293,147.70
2. Carrying amount as at 31/12/2020	2,304,302,974.75	23,436,250.00	73,222,418.18	54,244,082.53	52,160,000.00	10,570,000.00	2,517,935,725.46

Note: The intangible assets used for mortgage or guarantee at the end of the period are detailed in Note V. 62 “Assets with restricted ownership or use of rights".

(2) At the end of reporting period, all land use rights has obtained title certificates.

19. Goodwill

(1) Book value of goodwill

Investee	As at 2020.12.31	Increase Business combination	Decrease Disposal	As at 2021.06.30
Guangdong Brunp Recycling Technology Co., Ltd.	100,419,270.78			100,419,270.78
Longyan Sikang New Material Co., Ltd.	47,532,616.45			47,532,616.45
LANGTIINTERNATIONALHOLDINGLIMITED		181,555,015.55		181,555,015.55
Total	**147,951,887.23**	**181,555,015.55**		**329,506,902.78**

20. Long-term deferred expenses

Item	As at 2020.12.31	Increase	Decrease Amortization in the year	Decrease Other decrease	As at 2021.06.30
Project reconstruction expenditure	21,906,686.34	20,758,124.11	10,657,033.60		32,007,776.85
Production mold	21,446,011.38	9,849,123.30	8,290,341.09		23,004,793.59
Outdoor facilities	300,172,659.96	113,449,480.48	64,000,840.61		349,621,299.83
Other	20,026,359.27	77,835,187.38	23,551,110.57		74,310,436.08
Total	**363,551,716.95**	**221,891,915.27**	**106,499,325.87**		**478,944,306.35**

21. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offsetting

Item	As at 2021.06.30		As at 2020.12.31	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
Deferred tax assets:				
Accrued sales rebate	3,823,077,164.91	573,461,574.74	2,867,602,798.31	430,408,061.27
Accrued expenses	913,941,677.86	137,092,451.68	778,012,256.72	116,703,038.52
Deductible losses	60,342,945.74	15,085,736.44	181,688,137.11	45,422,034.28
Staff salaries payable	2,353,436,827.89	353,935,896.20	2,232,549,179.82	335,223,517.93
Provision for impairment of assets	3,013,962,014.14	453,186,986.16	2,621,306,536.92	393,693,940.69

Item	As at 2021.06.30 Deductible or taxable timing differences	As at 2021.06.30 Deferred tax assets or liabilities	As at 2020.12.31 Deductible or taxable timing differences	As at 2020.12.31 Deferred tax assets or liabilities
Equity incentive expenses	3,461,558,311.93	519,233,746.79	3,254,282,966.55	488,542,748.43
Provision for after-sales comprehensive service fee	4,885,565,186.41	755,424,883.67	3,930,102,079.01	604,415,301.67
Unrealized profits from internal transactions	1,541,816,559.82	256,006,869.89	823,466,614.03	144,475,150.72
Subsidies that have been included in taxable income	1,761,745,319.75	302,714,098.54	1,565,102,609.15	261,630,690.86
Difference in accounting depreciation period shorter than tax law depreciation period	2,390,498,745.22	374,245,404.86	1,473,626,450.09	205,170,459.43
Difference in licensed technology tax base greater than its carrying amount	9,206,482.80	1,380,972.42	11,047,779.36	1,657,166.90
Changes in fair value of other equity investments included in other comprehensive income	150,109,212.13	22,516,381.82	91,589,849.51	13,738,477.43
Cash flow hedge reserve	842,474,857.94	126,371,228.69	840,195,734.69	126,029,360.20
Subtotal	**25,207,735,306.54**	**3,890,656,231.90**	**20,670,572,991.27**	**3,167,109,948.33**
Deferred tax liabilities:				
Appreciation of assets appraisal of business combination not under common control	130,453,016.33	19,567,952.45	137,217,084.46	20,581,091.20
Gain on transfer of other equity investments	965,612,716.73	144,841,907.51	115,425,929.58	17,313,889.44
Changes in the effective portion of cash flow hedge gains and losses included in other comprehensive income	477,081,764.87	71,562,264.73	317,492,196.26	47,623,829.44
Subtotal	**1,573,147,497.93**	**235,972,124.69**	**570,135,210.30**	**85,518,810.08**

(2) Deductible temporary differences and deductible tax losses of unrecognized deferred tax assets

Item	As at 2021.06.30	As at 2020.12.31
Deductible temporary differences	832,099,962.04	682,064,366.21
Deductible losses	770,120,862.92	419,009,507.59
Unrealized profits from internal transactions	58,618,496.81	40,916,838.93
Total	**1,660,839,321.77**	**1,141,990,712.73**

(3) Expiry of deductible tax losses of unrecognized deferred tax assets in subsequent period

Year	As at 2021.06.30	As at 2020.12.31
2021		
2022	3,017,581.27	3,197,105.04
2023	33,106,603.30	41,546,927.47
2024	168,543,598.67	168,602,587.26
Losses expected to be made up after 2025	565,453,079.68	205,662,887.82
Total	**770,120,862.92**	**419,009,507.59**

Note: According to the National Administration of Taxation "Announcement concerning the extension of the period for carrying forward of losses for high-tech enterprises and small and medium-sized enterprises in industry of science and technology"(Notice No. 45 of 2018) , part of the company's loss are extended carry forward period to 10 years.

22. Other non-current assets

Item	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Prepayment for construction and equipment	12,590,468,088.94		12,590,468,088.94	4,963,561,587.80		4,963,561,587.80
Prepaid land consideration	56,343,203.64		56,343,203.64	39,070,000.00		39,070,000.00
Total	**12,646,811,292.58**		**12,646,811,292.58**	**5,002,631,587.80**		**5,002,631,587.80**

23. Short-term loans

(1) Short-term loans by category

Item	As at 2021.06.30	As at 2020.12.31
Pledged loans	952,659,376.93	1,420,683,971.17
Mortgage, pledge and guaranteed loans	1,010,061,224.91	737,644,619.87
Guaranteed loans	1,928,819,504.42	456,587,319.72
Unsecured loans	4,044,860,724.11	3,720,164,271.41
Total	**7,936,400,830.37**	**6,335,080,182.17**

Note: For the mortgaged or pledged assets, please refer to Note V. 62 “Assets with restricted ownership or use of rights”.

24. Notes payable

Category	As at 2021.06.30	As at 2020.12.31
Commercial acceptance bills	1,815,145,620.87	498,250,987.91
Bank acceptance bills	32,034,888,226.45	15,138,338,538.99
Total	**33,850,033,847.32**	**15,636,589,526.90**

Note: At the end of the reporting period, there is no overdue notes payable.

25. Accounts payable

Item	As at 2021.06.30	As at 2020.12.31
Purchase of goods	18,132,422,760.65	10,977,729,188.56
Construction and equipment payables	7,538,073,295.77	4,657,115,119.96
Total	**25,670,496,056.42**	**15,634,844,308.52**

Significant accounts payable with ageing over one year

Item	As at 2021.06.30	Reason of outstanding
Creditor 1	171,795,823.03	Not reach the contract payment term
Creditor 2	67,130,580.57	Not reach the contract payment term
Creditor 3	56,942,599.50	Not reach the contract payment term
Creditor 4	54,281,136.79	Not reach the contract payment term
Total	**350,150,139.89**	

26. Contract liabilities

Item	As at 2021.06.30	As at 2020.12.31
Sale of goods	10,758,865,173.59	6,875,227,795.16

27. Employee benefits payable

Item	As at 2020.12.31	Increase	Decrease	As at 2021.06.30
Short-term employee benefits	2,654,851,447.88	4,358,382,244.93	3,992,799,503.88	3,020,434,188.93
Post-employment benefits - defined contribution plans	2,713,466.54	174,388,740.95	173,786,649.62	3,315,557.87
Total	**2,657,564,914.42**	**4,532,770,985.88**	**4,166,586,153.50**	**3,023,749,746.80**

(1) Short-term employee benefits

Item	As at 2020.12.31	Increase	Decrease	As at 2021.06.30
Salaries, bonus, and allowances	2,552,256,830.69	3,922,656,423.18	3,584,198,293.38	2,890,714,960.49

Staff welfare	98,453,065.39	215,456,402.38	197,372,133.54	116,537,334.23
Social insurances	150,685.15	115,783,026.70	114,839,415.39	1,094,296.46
Include: 1. Medical insurance	144,435.68	97,692,061.10	96,859,914.91	976,581.87
2. Work injury insurance	2,737.62	10,898,735.17	10,882,780.61	18,692.18
3. Maternity insurance	3,511.85	7,192,230.43	7,096,719.87	99,022.41
Housing Fund	25,161.04	77,834,127.81	77,484,147.65	375,141.20
Union funds and employee education	3,965,705.61	26,652,264.86	18,905,513.92	11,712,456.55
Total	**2,654,851,447.88**	**4,358,382,244.93**	**3,992,799,503.88**	**3,020,434,188.93**

(2) Defined contribution plan

Item	**As at 2020.12.31**	**Increase**	**Decrease**	**As at 2021.06.30**
Post-employment benefits	2,713,466.54	174,388,740.95	173,786,649.62	3,315,557.87
Including: 1. Basic pension insurance	2,712,158.62	168,985,790.00	168,427,768.95	3,270,179.67
2. Unemployment insurance	1,307.92	5,402,950.95	5,358,880.67	45,378.20
Total	**2,713,466.54**	**174,388,740.95**	**173,786,649.62**	**3,315,557.87**

28. Taxes payable

Item	**As at 2021.06.30**	**As at 2020.12.31**
Enterprise income tax	1,219,483,899.09	964,745,143.96
Value added tax	158,701,157.81	268,720,900.08
Personal Income Tax	9,116,678.27	5,410,251.05
Property tax	20,288,406.46	16,203,932.30
Urban maintenance and	19,723,017.00	33,855,590.04
Educational surcharge	14,087,869.29	24,182,505.01
Land use tax	7,352,635.00	4,217,831.55
Stamp duty	2,625,039.06	2,004,756.06
Flood control fee	540,711.98	415,994.51
Other taxes	2,646,063.19	1,302,185.87
Total	**1,454,565,477.15**	**1,321,059,090.43**

29. Other payables

Item	**As at 2021.06.30**	**As at 2020.12.31**
Dividend payable	565,000,646.18	6,172,824.12
Other payables	6,879,740,238.90	4,401,603,465.43
Total	**7,444,740,885.08**	**4,407,776,289.55**

(1) Dividend payable

Item	As at 2021.06.30	As at 2020.12.31
Dividend of common shares	565,000,646.18	6,172,824.12

(2) Other payables

Item	As at 2021.06.30	As at 2020.12.31
Security deposits for hedging instruments	1,122,809,376.22	1,026,673,346.73
Repurchase obligations of restricted shares	690,763,971.50	694,562,922.70
Acc*ru*ed freight and utilities	1,053,186,971.21	1,002,731,014.36
Security deposits for contracts	62,885,625.00	34,781,900.00
Other current accounts	3,950,094,294.97	1,642,854,281.64
Total	**6,879,740,238.90**	**4,401,603,465.43**

Among them, important other payables aged more than 1 year

Item	Amount	Reason of outstanding
Security deposits for hedging instruments	1,026,673,346.73	Not reach the contract payment term
Repurchase obligations of restricted shares	690,763,971.50	Not reach the contract payment term
Other current accounts	2,984,797,602.00	Not reach the contract payment term
Total	**4,702,234,920.23**	

30. Non-current liabilities due within one year

Item	As at 2021.06.30	As at 2021.01.01	As at 2020.12.31
Long-term loans due within one year	1,442,233,923.81	1,259,871,096.47	1,259,871,096.47
Long-term payables due within one year	10,946,139.14	35,774,118.60	89,167,600.02
Lease liabilities due within one year	40,586,093.42	53,393,481.42	
Total	**1,493,766,156.37**	**1,349,038,696.49**	**1,349,038,696.49**

(1) Long-term loans due within one year

Item	As at 2021.06.30	As at 2020.12.31
Mortgage loans	1,025,888,269.69	859,481,603.49
Mortgage and Guaranteed loans	110,636,129.27	178,907,723.77

Guaranteed loans	22,957,967.48	63,616,862.51
Unsecured loans	282,751,557.37	157,864,906.70
Total	**1,442,233,923.81**	**1,259,871,096.47**

(2) Long-term payables due within one year

Item	As at 2021.06.30	As at 2021.01.01	As at 2020.12.31
Financing lease payments			53,393,481.42
Ningde City Jinzhen Investment Co., Ltd.	10,273,972.59	35,479,452.05	35,479,452.05
Loans from CDB Development Fund Co., Ltd.	672,166.55	294,666.55	294,666.55
Total	**10,946,139.14**	**35,774,118.60**	**89,167,600.02**

31. Other current liabilities

Item	As at 2021.06.30	As at 2020.12.31
VAT output pending for transfer	1,057,174,566.45	760,008,999.58

32. Long-term loans

Item	As at 2021.06.30	Range of interest rate	As at 2020.12.31	Range of interest rate
Mortgage loans	2,535,083,340.47	4.1%-4.75%	2,877,353,257.80	4.20%-4.75%
Unsecured loans	3,860,286,913.87	2.4%-3.9%	2,461,167,237.27	1.00%-4.30%
Mortgage and Guaranteed loans	603,932,004.36	4.05%-4.9875%	747,358,195.09	4.10%-5.1225%
Guaranteed loans	2,887,315,541.58	1.35%-4.9%	1,242,155,660.51	3.80%-4.90%
Pledge loans	257,215,373.82	4.00%		
Subtotal	**10,143,833,174.10**		**7,328,034,350.67**	
Less: Long-term loans due within one year	1,442,233,923.81		1,259,871,096.47	
Total	**8,701,599,250.29**		**6,068,163,254.20**	

Note: For the mortgaged assets, please refer to Note V. 62 “Assets with restricted ownership or use of rights”.

33. Bonds payable

Item	As at 2021.06.30	As at 2020.12.31
Corporate bonds	14,273,326,292.78	14,382,255,950.87

(1) Movement of bond payables

Bonds	Face value	Issue date	Bond period	Issued amount

19CATL01	1,500,000,000.00	October 25, 2019	5 years	1,500,000,000.00
20CATL01	3,000,000,000.00	January 15, 2020	5 years	3,000,000,000.00
USD 500 million offshore bonds	9,690,150,000.00	September 10, 2020	5 years and 10 years	9,690,150,000.00
Total	**14,190,150,000.00**			**14,190,150,000.00**

(Continued)

Bonds	As at 2020.12.31	Issued in the year	Interest accrual on face value	Amortization of discount or premium	Repayment in the year	As at 2021.06.30
19CATL01	1,510,440,517.33		27,600,000.00	-1,049,918.95		1,539,090,436.28
20CATL01	3,101,790,329.49		54,450,000.00	-2,379,787.46	108,900,000.00	3,049,720,116.95
USD 500 million offshore bonds	9,770,025,104.05		102,957,843.75	85,509,364.50	102,957,843.75	9,684,515,739.55
Total	**14,382,255,950.87**		**185,007,843.75**	**82,079,658.09**	**211,857,843.75**	**14,273,326,292.78**

34. Lease liabilities

Item	As at 2021.06.30	As at 2021.01.01	As at 2020.12.31
Lease payment	201,425,978.46	102,535,013.44	
Less: Unrecognized financing costs	26,227,325.11	5,202,901.72	
Subtotal	175,198,653.35	97,332,111.72	
Less: Lease liabilities due within one year	40,586,093.42	53,393,481.42	
Total	**134,612,559.93**	**43,938,630.30**	

35. Long-term payables

Item	As at 2021.06.30	As at 2021.01.01	As at 2020.12.31
Long-term payables	1,150,000,000.00	1,150,000,000.00	1,193,938,630.30

(1) Long-term payables

Item	As at 2021.06.30	As at 2021.01.01	As at 2020.12.31
Loans from CDB Development Fund Co., Ltd. (Note 1)	650,672,166.55	650,294,666.55	650,294,666.55
Ningde City Jinzhen Investment Co., Ltd. (Note 2)	510,273,972.59	535,479,452.05	535,479,452.05
Financing lease payments			97,332,111.72
Subtotal	**1,160,946,139.14**	**1,185,774,118.60**	**1,283,106,230.32**

Less: Long-term payables due within one year	10,946,139.14	35,774,118.60	89,167,600.02
Total	**1,150,000,000.00**	**1,150,000,000.00**	**1,193,938,630.30**

Note 1: On October 23, 2015, CDB Development Fund Co., Ltd. (hereinafter referred to as "CDB Development Fund") and the Company's subsidiary Contemporary Lithium Power Limited (hereinafter referred to as "Contemporary Lithium Power") signed the "CDB Development Fund Investment Contract" (hereinafter referred to as "Investment Contract"). CDB Development Fund invested in construction project of lithium-ion power and energy storage battery system production line carried by Contemporary Lithium Power in the form of RMB 500.00 million capital contribution to Contemporary Lithium Power. After the capital increase, the registered capital of Contemporary Lithium Power was increased from RMB 600.00 million to RMB 1,100.00 million. The shareholding by CDB Development Fund is 45.45%, and the Company's shareholding is changed to 54.55%. After the capital increase, CDB Development Fund does not appoint any director, supervisor or senior management personnel. Both parties agree that the shareholders' meeting is the highest authority of Contemporary Lithium Power. Only major issues affecting the CDB Development Fund need to be passed by 2/3 or more of the voting rights of all shareholders, and other matters need to be passed by more than half of all shareholders' voting rights.

On December 30, 2015, CDB Development Fund and the Company's subsidiary Qinghai Contemporary signed the "CDB Investment Contract" (hereinafter referred to as the "Investment Contract"). CDB Development Fund invested in the development and production project of Power and Energy Storage Lithium Battery carried by Qinghai Contemporary in the form of RMB 190.00 million capital contribution to Qinghai Contemporary. After the capital increase, the registered capital of Qinghai Contemporary is increased from RMB100.00 million to RMB 290.00 million. The shareholding by CDB Development Fund is 65.5%, and the Company's shareholding is changed to 34.5%. After the capital increase, CDB Development Fund does not appoint any director, supervisor or senior management personnel. Only major issues affecting the CDB Development Fund need to be passed by 2/3 or more of the voting rights of all shareholders, and other matters need to be passed by more than half of all shareholders' voting rights. In February 2016, the Company increased the capital contribution to Qinghai Contemporary by RMB190 million. After the capital increase, the Company's shareholding ratio was changed to 60.4%.On October 2020, the company and China Development Fund signed the "Equity Transfer Agreement" to pay RMB 40 million to repurchase 8.33% of the equity. After the repurchase, the company's portion of shareholding was changed to 68.75%.

CDB Development Fund's capital investment in Contemporary Lithium Power and Qinghai Contemporary is distributed for fixed profit annually for a period of 15 years. On expiration, the Company is obliged to repurchase the shares held by CDB Development Fund in Contemporary Lithium Power and Qinghai Contemporary. In order to protect the principal and investment income of the CDB Development Fund, the Company pledged the bank deposit certificate of RMB 50,000,000.00 and letter of guarantee of RMB 500,000,000.00 to China Development Bank Fujian Branch. In preparation of consolidated financial statements, the Company treated the capital contribution by CDB Development Fund as a liability. The amount of interest accrued based on the effective interest rate method at the end of the period was RMB 672,166.55.

Note 2: On March 20, 2020, Ningde Jinzhen Investment Co., Ltd. (hereinafter "Jinzhen Investment") signed a " Partnership Agreement of Fujian Mindong Contemporary Rural Investment and Development Partnership (Limited Partnership)" (hereinafter the "Partnership Agreement") with Ningbo Meishan Bonded Area Wending Investment Co., Ltd. and the Company , Jinzhen Investment invested RMB 500 million in Mindong Contemporary and this Investment accounted for 50.00% of the Mindong Contemporary's equity. Jinzhen Investment is a limited partner and does not execute partnership affairs. The term of the partnership agreement is 10 years, and during this period, the investment income of Jinzhen Investment is guaranteed. After the expiration, Jinzhen Investment can withdraw back the amount of original capital contribution. At the level of consolidated financial statements, the company treats the nature of above businesses as debts. The amount of interest accrued based on the real interest rate method at the end of the period was RMB 10,273,972.59.

36. Provisions

Item	As at 2021.06.30	As at 2020.12.31	Cause of formation
After-sales comprehensive service fee	4,886,792,642.23	3,930,102,079.01	Estimated cost of quality warranty according to the quality warranty agreement
Sales rebate	3,823,077,164.93	2,867,602,798.31	Rebate in accordance with specific rebate agreement or contract
Total	**8,709,869,807.16**	**6,797,704,877.32**	

37. Deferred income

Item	As at 2020.12.31	Increase	Decrease	As at 2021.06.30
Government grants	3,918,939,197.71	2,884,789,992.05	403,420,713.41	6,400,308,476.35

Details of government grants are as follows:

Item	As at 2020.12.31	Addition of subsidy amount	Amount recognized in profit for loss in the year	Other changes	As at 2021.06.30	Related to assets / Related to income
Contemporary SAIC Advanced Power Battery Project(Note 1)	289,957,733.93	100,000,000.00	28,546,377.30		361,411,356.63	Related to assets
Hunan Bangpu Phase Five Industry Support Fund	100,029,166.65		2,575,000.02		97,454,166.63	Related to assets
Jiangsu Contemporary Production Base Project(Note 2)	918,033,322.80	200,000,000.00	102,936,964.75		1,015,096,358.05	Related to assets
Contemporary Geely Power Battery Project	2,000,000,000.00				2,000,000,000.00	Related to assets
Sichuan Contemporary Power Battery Project (Note 3)		2,120,708,000.00			2,120,708,000.00	Related to assets
Total	**3,308,020,223.38**	**2,420,708,000.00**	**134,058,342.07**		**5,594,669,881.31**	

Note:

(1) On April 2021, the subsidiary Time SAIC received a subsidy of 10 million yuan, which was used for plant investment. Time SAIC will use it as "a government subsidy related to assets".

(2) On May 2021, the subsidiary Jiangsu Contemporary received 20 million yuan for production capacity , and Jiangsu Contemporary used it as "a government subsidy related to assets".

(3) From February to June 2021, Sichuan Contemporary received a subsidy of RMB 2,220,708,000 for the first to sixth phases of equipment and plant subsidies. Sichuan Contemporary will use it as "a government subsidy related to assets".

38. Share capital (Unit: share)

Item	As at 2020.12.31	Movement in the year					As at 2021.06.30
		Issuance of new share	Bonus shares	Conversion from capital reserve	Other	Subtotal	
Total shares	2,329,474,028.00				-466,226.00	-466,226.00	2,329,007,802.00

Note:

The Company held the 2020 Annual General Meeting of Shareholders on May 21, 2021 and adopted the “Proposal regarding with Reducing the Company's Registered Capital and Amending the Company's Articles of Association.” In view of the fact that some incentive beneficiary in the company's restricted stock incentive plan in 2018 and 2019 do not meet all the unlock requirements due to resignation or personal performance appraisal, etc., The Company intends to repurchase and cancel 466,226 restricted stock shares of the the beneficiary that have been granted but have not yet been released. The Company confirmed that the repurchase and cancellation of the portion of the restricted stock was finished on June 21, 2021, reducing the share capital by $466,226.00, capital reserves by $16,042,905.90, and Treasury shares by $16,508,252.22. The above matters have been examined by Grant Thornton (special general partnership), and the Asset Examination with Report No. 351C000269 issued on May 21, 2021.

39. Capital reserve

Item	As at 2020.12.31	Increase	Decrease	As at 2021.06.30
Share premium	40,973,477,988.54		333,895,434.87	40,639,582,553.67
Other capital reserve	688,673,614.54	118,618,095.69		807,291,710.23
Total	**41,662,151,603.08**	**118,618,095.69**	**333,895,434.87**	**41,446,874,263.90**

Note:

① The share premium was decreased by RMB 333,895,434.87 in the period, including the following: RMB 317,852,528.97 was due to the capital increase in subsidiary Longyan Sikang; RMB 16,042,905.90 was due to the repurchase and cancellation of 466,226 restricted stocks.

② The other capital reserve was increased by RMB 118,618,095.69 in the period, this was the employee stock ownership plan implemented for the key personnel of the Company, and the difference between the subscription price and the fair value subscribed by external investors during the same period is recognized as an expense, because the granted equity has not yet met the vesting conditions for lifting the restrictions of the stock ownership plan, so other capital reserve was increased.

40. Treasury shares

Item	As at 2020.12.31	Increase	Decrease	As at 2021.06.30
Treasury shares	710,020,552.82		16,508,252.22	693,512,300.60

Note:

Treasury shares decreased by RMB 16,508,252.22 in the period, which was caused by the repurchase and cancellation of 466,226 restricted shares.

41. Other comprehensive income

		Six months ended 30 June 2021		
Item	**As at 2020.12.31(1)**	**Amount before tax**	**Less:other comprehensive income in prior periods transfer to Current retained earnings**	**Less: income tax**
I. Other comprehensive income that will not be reclassified into profit or loss	-77,851,371.84	812,927,191.44		118,750,113.69
1. Changes in fair value of other equity instruments investment	-77,851,371.84	788,633,369.11		118,750,113.69
2. Other comprehensive income that cannot be		24,293,822.33		

Item	As at 2020.12.31(1)	Six months ended 30 June 2021 Amount before tax	Less:other comprehensive income in prior periods transfer to Current retained earnings	Less: income tax
transferred to profit or loss under the equity method				
II. Other comprehensive income that will be reclassified into profit or loss	1,204,844,322.86	153,673,929.30		23,596,566.80
1. Gain or loss on effective portion of cash flow hedge	1,098,956,635.14	157,311,125.73		23,596,566.80
2. Translation differences arising on translation of foreign currency financial statements	105,887,687.72	-3,637,196.43		
Total other comprehensive income	**1,126,992,951.02**	**966,601,120.74**		**142,346,680.49**

(Continued)

Item	Six months ended 30 June 2021 Attributable to parent company after tax (2)	Attributable to minority after tax	As at 2021.06.30(3) =(1) +(2)
I. Other comprehensive income that will not be reclassified into profit or loss	694,177,077.75		616,325,705.91
1. Changes in fair value of other equity instruments investment	669,883,255.42		592,031,883.58
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method	24,293,822.33		24,293,822.33
II. Other comprehensive income that will be reclassified into profit or loss	131,101,926.22	-1,024,563.72	1,335,946,249.08
1. Gain or loss on effective portion of cash flow hedge	134,627,167.67	-912,608.74	1,233,583,802.81

Item	Six months ended 30 June 2021		As at 2021.06.30(3) =(1) +(2)
	Attributable to parent company after tax (2)	Attributable to minority after tax	
2. Translation differences arising on translation of foreign currency financial statements	-3,525,241.45	-111,954.98	102,362,446.27
Total other comprehensive income	**825,279,003.97**	**-1,024,563.72**	**1,952,271,954.99**

42. Surplus reserve

Item	As at 2020.12.31	Increase	Decrease	As at 2021.06.30
Statutory surplus reserve	1,157,782,633.55			1,157,782,633.55

43. Undistributed profits

Item	Six months ended 30/06/2021	The year in 2020	Appropriation or distribution ratio
Undistributed profits before adjustment as at 1 January	18,640,918,703.75	13,652,965,292.41	
Total adjustment of undistributed profits as at 1 January (increase+, decrease-)		26,645,789.66	
Undistributed profits after adjustment as at 1 January	18,640,918,703.75	13,679,611,082.07	
Add: Net profit attributable to parent company for the year	4,483,787,564.06	5,583,338,710.38	
Less: Appropriation for statutory surplus reserve		60,537,164.00	Limited to 50% of the parent company's share capital
Appropriation for dividend of common shares	558,827,822.06	486,558,233.18	
Transfer from other comprehensive income		74,935,691.52	
Undistributed profits as at 30 June	22,565,878,445.75	18,640,918,703.75	

44. Operating income and operating cost

(1) Operating income and operating cost

Item	Six months ended 30/06/2021		Six months ended 30/06/2020	
	Income	Cost	Income	Cost

Primary operations	40,129,739,297.00	30,354,545,195.93	15,279,244,490.21	11,332,199,302.23
Other operations	3,944,821,332.16	1,707,190,110.89	3,550,208,642.76	2,384,917,839.91
Total	**44,074,560,629.16**	**32,061,735,306.82**	**18,829,453,132.97**	**13,717,117,142.14**

(2) Operating income and operating costs are divided by product type

Product types	Six months ended 30/06/2021		Six months ended 30/06/2020	
	Operating income	Operating cost	Operating income	Operating cost
Primary operations:				
Power battery system	30,450,872,062.04	23,447,517,202.81	13,477,522,878.75	9,905,665,076.62
Lithium battery material	4,986,219,194.78	3,931,694,144.68	1,234,538,300.30	998,831,933.08
Energy storage system	4,692,648,040.18	2,975,333,848.44	567,183,311.16	427,702,292.53
Subtotal	**40,129,739,297.00**	**30,354,545,195.93**	**15,279,244,490.21**	**11,332,199,302.23**
Other business:				
Other	3,944,821,332.16	1,707,190,110.89	3,550,208,642.76	2,384,917,839.91
Subtotal	**3,944,821,332.16**	**1,707,190,110.89**	**3,550,208,642.76**	**2,384,917,839.91**
Total	**44,074,560,629.16**	**32,061,735,306.82**	**18,829,453,132.97**	**13,717,117,142.14**

(3) Primary operating income and primary operating costs are divided geographical region

Region	Six months ended 30/06/2021		Six months ended 30/06/2020	
	Operating income	Operating cost	Operating income	Operating cost
Within China	30,093,928,825.81	23,695,445,421.88	13,490,527,820.43	10,003,571,166.24
Overseas	10,035,810,471.19	6,659,099,774.05	1,788,716,669.78	1,328,628,135.99
Total	**40,129,739,297.00**	**30,354,545,195.93**	**15,279,244,490.21**	**11,332,199,302.23**

(4) Business income breakdown information

	Six months ended 30/06/2021				
	Dynamic battery system	Lithium battery materials	Energy storage system	Other	Total
Primary operating income					
Including: recognize at a certain point in time	30,450,872,062.04	4,986,219,194.78	4,692,648,040.18		40,129,739,297.00
Other operating income				3,944,821,332.16	3,944,821,332.16
Total	**30,450,872,062.04**	**4,986,219,194.78**	**4,692,648,040.18**	**3,944,821,332.16**	**44,074,560,629.16**

(5) Description of performance obligations

The company's main business is the development, production, sales and after-sales service of lithium-ion power battery systems, energy storage systems, and lithium battery materials formed by the application of battery recycling technology. For sales of goods transactions, the Company completes the performance obligations when the customer obtains control of the relevant goods; for service transactions, the Company recognises the completed performance obligations according to the performance progress during the entire service period.

(6) Information related to the transaction price allocated to the remaining performance obligations

The amount of revenue corresponding to the performance obligations of those contracts signed but not yet performed or not yet completed as at 30 June 2021 is RMB 55,257.11 million.

45. Taxes and surcharges

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Urban maintenance and construction tax	88,908,171.51	25,757,626.11
Property tax	41,408,681.71	29,873,031.01
Educational surcharge	38,103,503.91	11,057,318.18
Stamp duty	28,849,097.84	11,743,340.15
Local educational surcharge	25,402,336.00	7,343,203.97
Land use tax	18,342,708.78	11,513,778.70
Other	6,171,841.89	4,157,082.04
Total	**247,186,341.64**	**101,445,380.16**

Note: For details of standard rates of various taxes and surcharge, please refer to Note IV. Taxation.

46. Selling expenses

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
After-sales comprehensive service fee	1,060,753,890.65	415,962,835.83
Sales commission	15,635,966.53	21,101,501.21
Staff salaries	237,850,944.63	100,351,086.45
Travel and business entertainment	50,153,317.44	26,475,825.81
Share-based payments	17,700,144.07	14,307,094.74
Other	211,126,594.60	213,941,741.14
Total	**1,593,220,857.92**	**792,140,085.18**

47. Administrative expenses

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Staff salaries	865,713,532.30	396,976,777.52
Logistics and office expenses	86,953,369.71	56,147,882.62

Depreciation and amortization expenses	267,085,998.05	216,479,259.53
Share-based payments	55,838,310.35	65,098,751.09
Travel and business entertainment	27,085,033.08	17,884,443.10
Consulting service fee	43,465,376.46	25,131,623.46
Maintenance and renovation expenses	29,369,838.28	11,650,058.85
Other	49,785,731.24	20,294,797.66
Total	**1,425,297,189.47**	**809,663,593.83**

48. Research and development expenses

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Staff salaries	1,170,362,638.05	499,910,451.24
Depreciation and amortization	241,991,162.61	246,160,526.51
Material costs	936,725,276.56	322,774,975.40
Development and design fees	204,055,181.69	70,731,190.84
Office and experiment expenses	91,722,789.24	79,610,116.81
Share-based payments	44,211,828.81	36,265,076.05
Travel and business entertainment	22,163,579.62	14,312,546.38
Other	82,521,317.86	28,688,564.19
Total	**2,793,753,774.44**	**1,298,453,447.42**

49. Financial expenses

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Interest expenses	458,639,556.95	267,747,781.95
Less: Capitalized interest expenses	6,280,488.85	11,059,733.16
Interest income	1,070,188,235.09	623,732,754.44
Exchange gains and losses	162,236,195.12	-38,779,734.58
Bank charges and other	32,989,415.96	3,910,467.13
Total	**-422,603,555.91**	**-401,913,973.10**

50. Other income

Subsidy item	Six months ended 30/06/2021	Six months ended 30/06/2020
Government grants	641,625,771.67	661,224,809.30

51. Investment income

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Investment income from long-term equity investment accounted by equity method	225,874,649.39	-88,395,180.45
Dividend income from other equity instrument investments during the holding period	8,144,204.59	
Gain from derecognition of financial assets at amortized cost(Discounted bills)	-140,130,050.79	-36,918,733.53
Bank financial products income	23,295,447.93	32,266,298.39
Gain from derecognition of trading financial liabilities		-313,244,692.48
Total	**117,184,251.12**	**-406,292,308.07**

52. Gain from changes in fair value

Source of income	Six months ended 30/06/2021	Six months ended 30/06/2020
Trading financial liabilities		286,915,936.00
Including: designated as financial liabilities measured at fair value and whose changes are included in the current profit and loss		286,915,936.00

53. Credit impairment loss ("-" for loss)

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Bad debts of accounts receivable	-64,119,369.61	-18,479,541.29
Bad debt loss on bills receivable	852,752.55	
Impairment loss of other receivables		-103,534,000.00
Total	**-63,266,617.06**	**-122,013,541.29**

54. Assets impairment loss ("-" for loss)

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Decline in value of inventories	-604,116,505.57	-338,341,629.60
Contract asset impairment loss	12,664.64	
Impairment loss of long-term equity investment	-150,000,000.04	
Total	**-754,103,840.97**	**-338,341,629.60**

55. Gains from disposal of assets

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Gain from disposal of fixed assets ("-" for loss)	-571,920.37	

56. Non-operating income

Item	Six months ended 30/06/2021	Six months ended 30/06/2020	Amount included in non-recurring gain or loss
Donation received	240,700.00	200,000.00	240,700.00
Others	56,721,928.74	25,128,338.96	56,721,928.74
Total	**56,962,628.74**	**25,328,338.96**	**56,962,628.74**

Note: Non-operating income are all regarded as non-recurring gains and losses.

57. Non-operating expenses

Item	Six months ended 30/06/2021	Six months ended 30/06/2020	Amount included in non-recurring gain or loss
Donations	1,751,600.00	12,620,389.44	1,751,600.00
Loss of disposal of non-current assets	30,306,302.87	7,116,807.84	30,306,302.87
Others	6,822,735.31	2,976,313.97	6,822,735.31
Total	**38,880,638.18**	**22,713,511.25**	**38,880,638.18**

Note: Non-operating expenses are all regarded as non-recurring gains and losses.

58. Income tax expenses

(1) Income tax expenses

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Current income tax	1,725,251,710.14	743,211,526.88
Deferred income tax	-715,439,649.44	-290,474,005.61
Total	**1,009,812,060.70**	**452,737,521.27**

(2) Reconciliation between income tax expenses and accounting profits:

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Profit before tax	6,334,920,349.73	2,596,655,551.39
Expected income tax expenses at applicable tax rates of 15%	950,238,054.28	389,498,332.71
Impact from tax preferential rate in certain subsidiaries	24,358,303.40	-15,264,537.34
Adjustment for income tax in prior year	1,651,560.22	8,603,038.66
Gain or loss from investments in associates and joint ventures by equity method	-16,656,877.15	13,818,703.27
Non-taxable income	-1,322,140.54	-3,409,376.27
Non-deductible costs, expenses and losses	155,263.03	115,237.53

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Utilization of tax losses and deductible temporary differences in prior years	-1,043,446.27	-1,140,325.59
Impact of unrecognized tax losses and deductible temporary differences	99,605,262.90	60,599,980.73
The impact of tax rate changes on the deferred income tax balance at the beginning of the period	-40,599,109.29	
Impact of super-deduction of research and development expenses		-2,301,512.99
Other	-6,574,809.88	2,217,980.56
Income tax expenses	1,009,812,060.70	452,737,521.27

59. Other comprehensive income

For details, please refer to Note V. 41. Other comprehensive income.

60. Notes to cash flow statement

(1) Other cash received relating to operating activities

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Subsidy received	3,122,520,155.62	1,448,036,053.31
Interest received	976,417,770.74	560,566,690.66
Security deposits for contracts received (net)		430,224,399.60
Total	**4,098,937,926.36**	**2,438,827,143.57**

(2) Other cash paid relating to operating activities

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Cash expenses such as operating expenses, administrative expenses and financial institution fees	755,750,166.95	929,038,726.57
Payment of security deposits (net)	362,150,538.85	
Payment of current account and other	169,292,130.18	299,684,570.24
Total	**1,287,192,835.98**	**1,228,723,296.81**

(3) Other cash received relating to investing activities

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Proceeds from collection of bank financial product investment (net)	1,084,388,143.64	2,166,421,555.81

Income from bank financial product investment	133,873,285.46	91,924,774.64
Net cash from purchase of subsidiaries	9,496,732.29	
Receipts of current account and other	518,619,509.47	594,072,940.62
Total	**1,746,377,670.86**	**2,852,419,271.07**

(4) Other cash paid relating to investing activities

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Payment of investment intention deposit	812,919,615.97	148,983,251.15
Finance lease payments (lease out)	330,560,000.00	
Total	**1,143,479,615.97**	**148,983,251.15**

(5) Cash received relating to other financing activities

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Cash received from issuing bonds		2,997,600,000.00

(6) Other cash paid relating to financing activities

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Payment of finance lease payments	172,724,799.86	19,663,554.49
Payment of security deposits	29,203,234.50	333,400,077.05
Payment for share repurchase	3,828,635.28	17,612,296.60
Total	**205,756,669.64**	**370,675,928.14**

61. Supplement to cash flows statement

(1) Supplement to cash flows statement

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
I. Reconciliation of net profit to cash flow from operating activities:		
Net profit	5,325,108,289.03	2,143,918,030.12
Add: Impairment for assets	754,103,840.97	338,341,629.60
Credit impairment loss	63,266,617.06	122,013,541.29
Depreciation of fixed assets	2,549,707,122.23	2,316,114,146.94
Depreciation of right-of-use assets	14,343,147.12	
Amortization of intangible assets	72,565,403.73	67,472,468.68
Amortization of long-term deferred expenses	106,499,325.87	79,375,064.46
Losses on disposal of fixed assets, intangible assets, and other long-term assets (Gain as in "-")	571,920.37	

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Loss on retirement of fixed assets (Gain as in "-")	30,306,302.87	7,116,807.84
Losses on changes in fair value(Gain as in "-")		-286,915,936.00
Financial expenses (Gain as in "-")	614,595,263.22	217,908,314.21
Investment losses(Gain as in "-")	-257,314,301.91	369,373,574.54
Decrease in deferred tax assets (Increase as in "-")	-723,546,283.57	-271,258,312.84
Increase in deferred tax liabilities (Decrease as in "-")	150,453,314.61	-13,561,794.14
Decrease in inventories (Increase as in "-")	-11,317,249,364.86	2,092,973,405.33
Decrease in operating receivables (Increase as in "-")	-5,279,233,781.91	4,116,138,675.55
Increase in operating payables (Decrease as in "-")	33,520,132,588.52	-5,587,341,718.38
Others	117,750,283.23	114,884,992.14
Net cash flows from operating activities	25,742,059,686.58	5,826,552,889.34
2. Significant investment or finance activities not involving cash:		
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
Newly-added right-of-use assets in the current period		
3. Net increase / (decrease) in cash and cash equivalents:		
Cash as at 30 June	67,276,560,996.42	31,827,741,081.97
Less: cash as at 1 January	63,431,985,986.90	23,200,055,644.02
Add: cash equivalents at 30 June		
Less: cash equivalents at 1 January		
Net increase in cash and cash equivalents	3,844,575,009.52	8,627,685,437.95

(2) Net cash paid to acquire subsidiaries

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Cash or cash equivalents paid in the current period for business combinations that occurred in the current period	192,132,000.00	
Including: LANGTI INTERNATIONAL HOLDING LIMITED	192,132,000.00	
Less: the cash and cash equivalents held by the target company on the purchase day	30,042,903.97	
Including: LANGTI INTERNATIONAL HOLDING LIMITED	30,042,903.97	
Net cash paid out	162,089,096.03	

(3) Cash and cash equivalents

Item	As at 2021.06.30	As at 2020.12.31
1.Cash	67,276,560,996.42	63,431,985,986.90
Including: Cash on hand	312,152.28	290,641.78

Item	As at 2021.06.30	As at 2020.12.31
Cash in bank readily available for payment	67,276,248,844.14	63,431,695,345.12
2. Cash equivalents		
Include: Bonds investment with maturity in 3 months		
3. Cash and cash equivalents	67,276,560,996.42	63,431,985,986.90
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Company		

62. Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 30/06/2021	Reason of restriction
Cash and bank balances	7,410,136,283.70	Management intends to held-to-maturity; pledged deposits and security deposits for bank loans; Security deposit for issuing bank acceptance bills, letters of guarantees, letters of credit; Interest on bank deposits accrued by the effective interest rate method
Notes receivable	777,749,862.92	Notes receivable that have been pledged but not yet due
Trading financial assets	570,000,000.00	Security deposits for issuing bank acceptance bills
Fixed assets	2,787,800,295.21	Machinery & equipment and buildings as collateral to obtain comprehensive banking facility and loans
Intangible assets	537,160,418.64	Land use rights as collateral to obtain comprehensive banking facility and loans
Construction in progress	414,314,901.04	Construction in progress as collateral to obtain loans from the lessor
Total	**12,497,161,761.51**	

63. Items in foreign currency

(1) Items in foreign currency

Item	Foreign currency as of 30/06/2021	Conversion rate	Translated in RMB as of 30/06/2021
Cash and bank balances			
Including: USD	2,328,011,587.58	6.4601	15,039,185,036.84
HKD	863,876.00	0.8321	718,831.22
EUR	322,657,955.99	7.6862	2,480,013,581.32
JPY	1,229,674,192.00	0.0584	71,847,403.69
IDR	30,639,222,069.20	0.0004	13,670,576.63
CAD	553.64	5.2097	2,884.30
Accounts receivable			

Item	Foreign currency as of 30/06/2021	Conversion rate	Translated in RMB as of 30/06/2021
Including: USD	200,407,895.30	6.4601	1,294,655,044.40
EUR	21,407,778.31	7.6862	164,544,465.65
IDR	11,281,353,387.14	0.0004	5,026,758.66
Accounts payable			
Including: USD	150,684,475.88	6.4601	973,436,782.61
HKD	238.60	0.8321	198.54
EUR	3,670,014.17	7.6862	28,208,462.97
JPY	15,332,000.00	0.0584	895,818.10
IDR	1,400,056,737.69	0.0004	623,838.91
WON	10,000.00	0.0057	57.20
Other receivables			
Including: USD	31,666,564.28	6.4601	204,569,171.90
HKD	40,000.00	0.8321	33,282.45
EUR	807,771.04	7.6862	6,208,689.77
JPY	20,038,666.00	0.0584	1,170,819.18
IDR	7,692,258,469.00	0.0004	3,427,718.30
CAD	60,000,000.00	5.2097	312,582,000.00
WON	104,352,800.00	0.0057	596,376.25
Other payables			
Including: USD	338,863,070.70	6.4601	2,189,089,323.23
HKD	13,000.00	0.8321	10,817.18
EUR	936,601.67	7.6862	7,198,907.77
JPY	2,121,271.00	0.0584	123,941.62
IDR	251,416,933.00	0.0004	112,026.65
Short-term loans			
Including: USD	299,957,646.95	6.4601	1,937,756,395.09
EUR	199,000,000.00	7.6862	1,529,553,800.00
Long-term loans			
Including: EUR	10,000,000.00	7.6862	76,862,000.00

64. Hedge

Disclosure of qualitative and quantitative information of hedged items and related hedging instruments and hedging risks according to the type of hedge:

(1) During the reporting period, the Company conducted hedging transactions by using metal futures contracts as hedging instruments and certain expected purchase transactions as hedged items, in order to avoid the inventories market price fluctuations undertaken by the Company. Expected purchase of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

(2) During the reporting period, the Company conducted hedging transactions by using metal futures contracts as hedging instruments and certain expected sale transactions as hedged items, in order to avoid the inventories market price fluctuations undertaken by the Company. Expected sale of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

(3) During the reporting period, the Company conducted hedging transactions by using forward foreign exchange settlement contracts as a hedging instruments and certain expected purchase payments as hedged items, in order to avoid the Company's commitment to fluctuations in foreign exchange rate. Expected purchase of inventories caused a risk of fluctuations in future cash flow. The Company's hedges are cash flow hedges.

The Company uses the ratio analysis method to evaluate the effectiveness of hedge. As of 30 June 2021, the gain from changes in fair value of cash flow hedging instruments that had been included in other comprehensive income was RMB 1,233,583,802.81 (31 December 2020: RMB 1,098,956,635.14).

VI. Changes in scope of consolidation

1. Business combinations not under common control

(1) Business combinations not under the same control that occurred in the current period

Name of the purchased party	Time point of equity acquisition	Equity acquisition cost	Proportion of equity acquisition (%)	Method of obtaining equity	Purchase date	Basis for determining the purchase date	The income of the purchased party from the date of purchase to the end of the period	Net profit of the purchased party from the purchase date to the end of the period
Contemporary Yongfu Technology Co., Ltd.	May 14, 2021	66,211,931.70	60.00%	Capital Paid-in	May 14, 2021	Note 1		145,220.26
LANGTI INTERNATIONAL HOLDING LIMITED	June 4, 2021	192,132,000.00	75.00%	Equity transfer	June 4, 2021	Note 2	161,491,950.75	23,015,080.93

Note:

(1) In February 2021, CATL and Fujian Yongfu Electric Power Design Co., Ltd. and Fujian Yongfu Electric Technology Development Co., Ltd. (later renamed as Contemporary Yongfu Technology Co., Ltd.) signed the "Joint Venture Agreement on Fujian Yongfu Electric Technology Development Co., Ltd." CATL acquire Fujian Yongfu Electric Technology Development Co., Ltd. with a paid-in capital of RMB 66.21million, and the shareholding ratio becomes 60% after the transaction was completed. This is a business combination under the uncommon control. CATL paid the full price on May 14, 2021, so the purchase date was determined to be May 14, 2021.

(2) On July 2020, Guangdong Brunpu's subsidiary, Hong Kong Brunpu Contemporary Neo Energy Co., Ltd. (hereinafter referred to as "Hong Kong Brunpu Contemporary") and Best Joint Limited, Rocy Development Pte. Ltd and Tsingshan Holding Group Co., Ltd., signed the "Equity Transfer Agreement." Rocy Development Pte. Ltd transferred 75% and 25% of the equity of LANGTI INTERNATIONAL HOLDING LIMITED to Hong Kong Brunpu Contemporary and Best Joint Limited. The amount of the consideration was 40 million US dollars, of which Hong Kong Brunpu Contemporary 30 million US dollars, and Jiashi Co., Ltd. 10 million US dollars. This is a business combination under the uncommon control. Hong Kong Brunpu Contemporary paid the full price of the transaction on June 4, 2021, so the purchase date was determined to be June 4, 2021.

(2) Combination costs and goodwill

Item	Contemporary Yongfu Technology Co., Ltd.	LANGTI INTERNATIONAL HOLDING LIMITED
Combination cost:		
Cash	66,211,931.70	192,132,000.00
Total combination cost	66,211,931.70	10,576,984.45
Less: the fair value of the share of identifiable net assets obtained	66,211,931.70	10,576,984.45
Goodwill/combination cost less than the amount of the fair value share of identifiable net assets obtained		181,555,015.55

(3) The identifiable assets and liabilities of acquiree on the purchase date

Item	Contemporary Yongfu Technology Co., Ltd.		LANGTI INTERNATIONAL HOLDING LIMITED	
	Fair value on purchase date	Book value on purchase day	Fair value on purchase date	Fair value on purchase date
ASSETS:				
Cash and cash in bank	110,708,663.99	110,708,663.99	30,042,903.97	30,042,903.97
Accounts receivable	15,265,360.54	15,265,360.54	124,675,989.46	124,675,989.46
Inventories			375,145,564.10	375,145,564.10
Fixed assets	72,089.26	72,089.26	1,697,228,585.73	1,697,228,585.73
Prepayments	280.00	280.00	38,353,881.22	38,353,881.22
Deferred tax assets	21,487.88	21,487.88		
Other current assets			98,301,722.10	98,301,722.10
Construction in progress			581,122,199.34	581,122,199.34
Other non-current assets			168,139.71	168,139.71
LIABILITIES:				

Accounts payable	15,502,582.18	15,502,582.18	2,907,006,998.36	2,907,006,998.36
Taxes payable	117,740.37	117,740.37	2,376,352.67	2,376,352.67
Contract liabilities	94,339.62	94,339.62		
Salary payable			21,552,988.68	21,552,988.68
Net asset	110,353,219.50	110,353,219.50	14,102,645.93	14,102,645.93
Less: Minority shareholders' equity	44,141,287.80	44,141,287.80	3,525,661.48	3,525,661.48
Net assets obtained from the combination	66,211,931.70	66,211,931.70	10,576,984.45	10,576,984.45

2. Business combinations under common control

During the reporting period, there is no business combination under common control.

3. Disposal of subsidiary

During the reporting period, there is no disposal of subsidiary.

4. Other

Company name	**Reason for change**
Fuding Contemporary New Energy Technology Co., Ltd.	New incorporation
Chengdu Xinjin Contemporary New Energy Technology Co., Ltd.	New incorporation
Ningde Jiaocheng Contemporary New Energy Technology Co., Ltd.	New incorporation
Guangdong Ruiqing Contemporary New Energy Technology Co., Ltd.	New incorporation
Yibin Contemporary Energy Storage Technology Co., Ltd.	New incorporation
Ruiting Contemporary(Shanghai) Neo Energy Technology Co., Ltd.	New incorporation
Guangzhou Runhe New Energy Service Co., Ltd.	New incorporation
Hubei Tianmen Runyong New Energy Co., Ltd.	New incorporation
Zhaoqing Sihui Runshi New Energy Co., Ltd.	New incorporation
Zhaoqing Sihui Runyong New Energy Co., Ltd.	New incorporation
Pingnan Brunpu Contemporary New Energy Technology Co., Ltd.	New incorporation
Indonesia Puqin Contemporary Co., Ltd.	New incorporation
HongKong CBL Limited	New incorporation
RENASCENCE INVESTMENT LIMITED	Subsidiary of LANGTI INTERNATIONAL HOLDING LIMITED
PT LANGIT METAL INDUSTRY	Subsidiary of LANGTI INTERNATIONAL HOLDING LIMITED

Company name	Reason for change
Foshan Sanshui Brunpu Resources Recycling Co., Ltd.	Cancellation

VII. Interests in other entities

1. Interests in subsidiaries

(1) Structure of the group

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Qinghai Contemporary Amperex Technology Limite (Note)	Xining City	Xining City	Manufacturing	68.75%		Set-up
Contemporary Lithium Power Limited (Note)	Ningde City	Ningde City	Manufacturing	54.55%		Set-up
Guangdong Brunp Recycling Technology Co., Ltd.	Foshan City	Foshan City	Manufacturing	52.88%		Business combination not under common control
Hunan Brunp Recycling Technology Co., Ltd.	Changsha City	Changsha City	Manufacturing		100.00%	Business combination not under common control
Hunan Brunp Vehicle Recycling Co., Ltd.	Changsha City	Changsha City	Manufacturing		100.00%	Business combination not under common control
Brunp (China) Recycling Technology Co., Limited	Hong Kong	Hong Kong	Trading		100.00%	Business combination not under common control
Contemporary Amperex Technology GmbH	Germany	Germany	Sales and R&D	100.00%		Business combination not under common control
Beijing Lithium Contemporary Amperex Technology Limited	Beijing	Beijing	Sales	100.00%		Set-up
Jiangsu Contemporary Amperex Technology Limited	Liyang, Jiangsu	Liyang, Jiangsu	Manufacturing	100.00%		Set-up
Contemporary Amperex Technology (Hong Kong) Limited	Hong Kong	Hong Kong	Investment	100.00%		Set-up
Pingnan Contemporary Advanced Materials Technology Limited	Ningde City	Ningde City	Manufacturing	100.00%		Set-up

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Ningde Contemporary Amperex Supply Chain Management Co., Ltd.	Ningde City	Ningde City	Service industry	100.00%		Set-up
Ningde RunYuan Power Technology Co., Ltd.	Ningde City	Ningde City	Service industry	100.00%		Set-up
Ningbo Meishan Bonded Area Wending Investment Co., Ltd.	Ningbo City	Ningbo City	Investment	100.00%		Set-up
United Auto Battery Co., Ltd.	Liyang City	Liyang City	Manufacturing	51.00%		Set-up
Contemporary Amperex Technology France	France	France	Sales and R&D		100.00%	Set-up
Dongguan Runyuan New Energy Technology Limited	Dongguan	Dongguan	Service industry	100.00%		Set-up
Contemporary Amperex Technology Canada Limited	Canada	Canada	Investment		100.00%	Set-up
Contemporary Amperex Technology (USA), Inc.	United States	United States	Sales and R&D		100.00%	Set-up
Contemporary Amperex Technology Japan KK	Japan	Japan	Sales and R&D		100.00%	Set-up
Dongfeng Amperex (Wuhan) Battery System Co., Ltd.	Wuhan City	Wuhan City	Manufacturing	50.00%		Set-up
Ningde Runhe Industry Limited	Ningde City	Ningde City	Service industry	100.00%		Set-up
Guangzhou Chunhe Runhe Automobile Sales Co., Ltd.	Guangzhou City	Guangzhou City	Trading		100.00%	Set-up
Shenzhen Chunhe Runhe Automobile Sales Co., Ltd.	Shenzhen City	Shenzhen City	Trading		100.00%	Set-up
Guangzhou Chunhe Runsheng Automobile Sales Co., Ltd.	Guangzhou City	Guangzhou City	Trading		100.00%	Set-up
Contemporary Amperex Technology (Hong Kong) Mining Limited	Hong Kong	Hong Kong	Trading		100.00%	Business combination not under common control
CATL Mining Engineering Limited	Hong Kong	Hong Kong	Trading		100.00%	Business combination not under common control
CATL Mining No.1 Limited	Hong Kong	Hong Kong	Trading		100.00%	Business combination not under common control
CATL Mining No.2 Limited	Hong Kong	Hong Kong	Trading		100.00%	Business combination

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
						not under common control
Contemporary Amperex Technology Luxembourg S.à r.l.	Luxembourg	Luxembourg	Investment		100.00%	Business combination not under common control
Contemporary Amperex Technology Thuringia GmbH	Germany	Germany	Manufacturing		100.00%	Set-up
CATL-GAC EV Battery Co., Limited	Guangzhou City	Guangzhou City	Manufacturing	51.00%		Set-up
Ningde Brunp Recycling Technology Co., Ltd.	Ningde City	Ningde City	Manufacturing		100.00%	Set-up
Ningde Anpu Environmental Technology Co., Ltd.	Ningde City	Ningde City	Trading		100.00%	Set-up
HK Brunp Resource Recycling Technology Co., Limited	Hong Kong	Hong Kong	Trading		100.00%	Set-up
Ningbo Brunp Recycling Technology Co., Ltd.	Ningbo City	Ningbo City	Investment		100.00%	Set-up
Hong Kong Brunp Contemporary Amperex Co., Ltd.	Hong Kong	Hong Kong	Trading		100.00%	Set-up
Ningbo Brunp Contemporary New Energy Co.,Ltd.	Ningbo City	Ningbo City	Trading	49.00%	51.00%	Set-up
PT.INDONESIA PUQING RECYCLING TECHNOLOGY	Indonesia	Indonesia	Manufacturing		70.00%	Set-up
CATL-KSTAR Science & Technology Co., Ltd.	Ningde City	Ningde City	Manufacturing	51.00%		Set-up
Sichuan Contemporary Amperex Technology Co., Ltd.	Yibin City	Yibin City	Manufacturing	100.00%		Set-up
Ningde Contemporary Financial Leasing Co., Ltd.	Ningde City	Ningde City	Leasing industry	75.00%	25.00%	Set-up
Longyan Sikang New Material Co., Ltd.	Longyan City	Longyan City	Manufacturing	66.00%		Business combination not under common control
CATL-SICONG Advanced Materials Technology Limited	Longyan City	Longyan City	Manufacturing		100.00%	Set-up
CATL-FAW Auto Battery Co., Limited	Ningde City	Ningde City	Manufacturing	51.00%		Set-up
CATL-GEELY EV Battery Co., Limited	Hangzhou City	Hangzhou City	Manufacturing	51.00%		Set-up

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%) Direct	Indirect	Method of acquisition
Fujian Mindong CATL Rural Investment Development Partnership (Limited Partnership)	Ningde City	Ningde City	Investment	49.90%	0.10%	Set-up
Ningde Runkang Technology Co., Ltd.	Ningde City	Ningde City	Manufacturing	100.00%		Set-up
Contemporary Ruiding Development Limited	The British Virgin Islands	The British Virgin Islands	Service industry		100.00%	Set-up
Xiamen Contemporary Sikang New Energy Research Institute Co., Ltd.	Xiamen City	Xiamen City	Sales, research and development	35.00%	65.00%	Set-up
CATL Neo Energy Industry Investment Co., Ltd.	Ningde City	Ningde City	Investment	100.00%		Set-up
CATLUSINC	America	America	Manufacturing		100.00%	Set-up
Contemporary Amperex Technology Kentucky,LLC	America	America	Manufacturing		100.00%	Set-up
Ningbo Puqin Contemporary Co., Ltd.	Ningbo City	Ningbo City	Trading, investment		60.00%	Set-up
Contemporary Geely (Sichuan) Power Battery Co., Ltd.	Yibin City	Yibin City	Manufacturing		100.00%	Set-up
Guangzhou Runhe Neo Energy Service Co., Ltd.	Guangzhou City	Guangzhou City	After-sales service		100.00%	Set-up
Fuding Contemporary Neo Energy Technology Co., Ltd.	Fuding City	Fuding City	Manufacturing	100.00%		Set-up
Chengdu Xinjin Contemporary Neo Energy Technology Co., Ltd.	Chengdu	Chengdu	Manufacturing	100.00%		Set-up
Ningde Jiaocheng Contemporary Neo Energy Technology Co., Ltd.	Ningde City	Ningde City	Manufacturing	100.00%		Set-up
Guangdong Ruiqing Contemporary Neo Energy Technology Co., Ltd.	Zhaoqing City	Zhaoqing City	Manufacturing	100.00%		Set-up
Ruiting Contemporary (Shanghai) Neo Energy Technology Co., Ltd.	Shanghai	Shanghai	Manufacturing	100.00%		Set-up
Contemporary Yongfu Technology Co., Ltd.	Ningde City	Ningde City	Electricity sales	60.00%		Business combination not under common control
Yibin Contemporary Energy Storage	Yibin City	Yibin City	Manufacturing		100.00%	Set-up

Name of subsidiary	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Technology Co., Ltd.						
Hubei Tianmen Runyong Neo Energy Co., Ltd.	Tianmen City	Tianmen City	Electricity sales		100.00%	Set-up
Zhaoqing Sihui Runshi Neo Energy Co., Ltd.	Zhaoqing City	Zhaoqing City	Electricity sales		100.00%	Set-up
Zhaoqing Sihui Runyong Neo Energy Co., Ltd.	Zhaoqing City	Zhaoqing City	Electricity sales		100.00%	Set-up
Pingnan Bangpu Contemporary Neo Energy Technology Co., Ltd.	Ningde City	Ningde City	Manufacturing		100.00%	Set-up
Indonesia Puqin Contemporary Co., Ltd.	Indonesia	Indonesia	Manufacturing		100.00%	Set-up
HongKong CBL Limited	Hongkong	Hongkong	Investment		100.00%	Set-up
LANGTI INTERNATIONAL HOLDING LIMITED	Hongkong	Hongkong	Investment		75.00%	Business combination not under common control
RENASCENCE INVESTMENT LIMITED	Hongkong	Hongkong	Investment		100.00%	Business combination not under common control
PT LANGIT METALINDUSTRY	Indonesia	Indonesia	Manufacturing		100.00%	Business combination not under common control

Note: Other shareholder of the Company's subsidiaries, Qinghai Contemporary and Contemporary Lithium Power is CDB Development Fund and do not participate in the daily management of the subsidiary, without appointment of any directors, supervisors and senior management personnel, the Company actually owns 100% of the voting rights of the subsidiaries. Details refer to Note V. 35, Long-term payables Note 1.

(2) Significant non-wholly-owned subsidiaries

Unit: RMB ten thousand

Name of subsidiary	Percentage of minority interest %	Profit attributable to minority during the period	Dividend declared to minority	Balance of minority interests as at 30/06/2020
Hunan Brunp	47.1249	32,495.03		149,208.85

(3) Financial information of significant non-wholly-owned subsidiaries

Unit: RMB ten thousand

Name of subsidiary	As at 2021.06.30					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Brunp	706,812.96	204,241.24	911,054.20	541,480.13	52,872.99	594,353.12

Continued (1):

Name of subsidiary	As at 2020.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hunan Brunp	396,518.78	187,976.89	584,495.67	293,018.21	43,808.12	336,826.33

Continued (2):

Name of subsidiary	Six months ended 30/06/2021				Six months ended 30/06/2020			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Hunan Brunp	476,595.25	68,955.13	69,031.75	-45,156.57	168,692.78	13,998.22	13,918.18	-4,830.03

(4) Transactions that caused a change in owner's equity of subsidiaries but the Company still exercises control the subsidiaries

Changes in the subsidiary's equity

The company originally held 51% of the equity in Longyan Sikang. On January 2021, the company signed an additional investment agreement with the partner. The transaction resulted in a decrease of RMB 317,852,528.97 in capital reserve.

The impact of the transaction on minority interests and equity attributable to the parent company

Item	Longyan Sikang
Acquisition cost:	1,000,000,000.00

Item	Longyan Sikang
Cash	1,000,000,000.00
Less: Share of net assets in subsidiary according to shareholding ratio	682,147,471.03
Difference	317,852,528.97
Including: Adjustment to capital reserve	317,852,528.97

2. Equity interest in joint ventures or associates

(1) Significant associates joint ventures or associates

Associates	Place of business	Place of registration	Business nature	Shareholding ratio (%)		Accounting treatment of investment in associates
				Direct	Indirect	
SAIC-CATL EV Battery System Co., Ltd.	Jiangsu Liyang	Jiangsu Liyang	Manufacturing	49.00		Equity method

(2) Principle financial information of significant associates

Unit: RMB ten thousand

Item	SAIC-CATL EV Battery System Co., Ltd.	
	As at 2021.06.30	As at 2020.12.31
Current assets	72,108.97	75,865.38
Non-current assets	22,999.22	23,454.82
Total assets	**95,108.19**	**99,320.20**
Current liabilities	32,941.24	44,721.48
Non-current liabilities	20,528.15	18,357.12
Total liabilities	**53,469.39**	**63,078.60**
Net assets	41,638.80	36,241.60
Including: Minority interests		
Owner's equity attributable to parent company	41,638.80	36,241.60
Share of net assets based on shareholding ratio	20,403.01	17,758.39
Adjustment	-31.44	-26.99
Including: Other	-31.44	-26.99
Carrying amount of investment in associates	20,371.57	17,731.40
Fair value of equity investment		

Item	SAIC-CATL EV Battery System Co., Ltd.	
	As at 2021.06.30	As at 2020.12.31
with public quote		

Continued:

Item	SAIC-CATL EV Battery System Co., Ltd.	
	Six months ended 30/06/2021	Six months ended 30/06/2020
Operating income	49,034.57	35,283.79
Net profit	5,388.11	2,620.32
Other comprehensive income		
Total comprehensive income	5,388.11	2,620.32
Dividends received from associates in the current period		

VIII. Financial instrument and risk management

The Company's financial instruments include cash and bank balances, accounts receivable, notes receivable , other receivables, other current assets, trading financial assets and accounts payable, notes payable, dividend payable, other payables, short-term loans, non-current liabilities due within one year, long term loans and long-term payables. The details of various financial instruments have been disclosed in the relevant notes. Risks associated with these financial instruments, as well as the Company's risk management policies meant to mitigate these risks are described below. The Company's management managed and monitored these risk exposures to ensure the above risks are controlled within certain limits.

1. Risk management objectives and policies

The Company's objective in risk management is to obtain an appropriate balance between risk and profits, and strive to reduce the adverse impact of the financial risk on the Company's financial performance. Based on this objective, the Company has developed the risk management policy to identify and analyze the risks that the Company is facing, set the appropriate tolerable level of risks and design the internal control process to monitor the risk level. The Company reviews the risk management policy and relevant internal control system to adapt to the changes of market or operations regularly. The Company's internal audit department also regularly or randomly performs tests to check whether the operations of internal control system in accordance with the risk management policy.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (including interest rate risk, foreign exchange rate risk and other commodity price risk).

The Board of Directors is responsible for the planning and establishment of the Company's risk management structure, the development of the Company's risk management policies and guidelines and the monitoring of the implementation of risk management measures. The Company has developed risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks, covering many aspects of credit risk, liquidity risk and market risk management. The Company regularly evaluates the market environment and changes in the

Company's operating activities to determine whether the risk management policies and systems are updated. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and circumvents the risks by working closely with other business units of the Company. The internal audit department of the Company conducts regular audits on risk management control and procedures and reports the results of the audit to the Audit Committee of the Company.

The Company diversifies the risk of financial instruments through appropriate diversified investments and business combinations and reduces the risk of focusing on any single industry, specific region, or specific counterparty by developing appropriate risk management policies.

(1) Credit risk

Credit risk is the risk that a counterparty of financial assets will cause a financial loss for the Company by failing to discharge an obligation.

The Company managed the credit risk by groups. Credit risk mainly came from bank, notes receivable, accounts receivable and other receivables.

The bank deposits of the Company mainly deposited in a financial institution with a good reputation and a high credit rating. The Company expects that there are no significant credit risks exist on the bank deposit.

For notes receivable, accounts receivable and other receivables, the Company makes relevant policies to control credit risk exposures. The Company assesses the quality of debtors' credit rating and set their credit limits and credit period based on the debtors' financial position, credit history and other factors such as current market condition. The Company monitors the debtors' credit records regularly and ensures its overall credit risk within controllable range by written reminders, shorten or cancel credit periods to the debtors with bad credit history.

The debtors of the Company's accounts receivable are customers distributed in different industries and regions. The Company continues to perform credit assessments on the financial status of accounts receivable and purchase credit guarantee insurance when appropriate.

The maximum exposure to credit risk borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantee that may expose the Company to credit risk.

Accounts receivable due from the top five customers of the Company account for 43.37%% of total accounts receivable (31 December 2020: 48.06%); other receivables due from the top five customers of the Company account for 73.34% of total other receivables (31 December 2020: 78.75%).

(2) Liquidity risk

Liquidity risk is the risk that the Company is short of funds to deliver cash or other financial assets or meet settlement obligations.

To manage liquidity risk, the Company maintains cash and cash equivalents at a level that the management considers adequate and monitors them so as to meet its operation demand as well as to reduce the effect of cash flow fluctuations. The management is responsible for monitoring the usefulness of bank loans to ensure it complies with the covenants in loan agreements. Meanwhile, the management obtains the commitment from the principal financial institutions to provide enough surplus in reserve to satisfy the Company's short and long-term fund demands.

The Company finances working capital with funds arising from operation and bank and other borrowings. As at 30 June 2021, the available loan limit for withdrawal by the Company is RMB 92.79 billion (31 December 2020: RMB 100.80 billion).

As at year end, the analysis of due date of the financial liabilities by undiscounted cash flow of remaining contracts are as follow (unit: RMB ten thousand):

Item	As at 2021.06.30			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Short-term loans	793,640.08			793,640.08
Notes payable	3,385,003.38			3,385,003.38
Accounts payable	2,567,049.61			2,567,049.61
Other payables	674,885.75	69,588.34		744,474.09
Non-current liabilities due within one year	149,376.62			149,376.62
Long term loans		870,159.93		870,159.93
Bonds payable		1,109,661.95	317,670.68	1,427,332.63
Long-term payables		40,000.00	75,000.00	115,000.00
Total	**7,569,955.44**	**2,089,410.22**	**392,670.68**	**10,052,036.33**

As at beginning of the year, the analysis of due date of the Company's financial assets, financial liabilities by undiscounted cash flow of remaining contracts are as follow (unit: RMB ten thousand):

Item	As at 2020.12.31			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
Short-term loans	633,508.02			633,508.02
Notes payable	1,563,658.95			1,563,658.95
Accounts payable	1,563,484.43			1,563,484.43
Other payables	323,826.44	116,951.19		440,777.63
Non-current liabilities due within one year	134,903.87			134,903.87
Long term loans		606,816.33		606,816.33
Bonds payable		1,112,082.32	326,143.28	1,438,225.60
Long-term payables		44,393.86	75,000.00	119,393.86
Total	**4,219,381.71**	**1,880,243.70**	**401,143.28**	**6,500,768.69**

(3) Market risk

Market risk of financial instrument is the risk of fluctuation in the fair value or future cash flow due to changes of market price, including interest rate risk, foreign exchange rate risk and other pricing risk.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flow of financial instrument due to the changes of market interest rate. Interest rate risk can come from the recognized interest-bearing financial instruments and unrecognized financial instruments (such as loan commitments).

Interest rate risk of the Company mainly arises from interest bearing borrowings, such as long-term bank loans and long-term payables. A financial liability with floating interest rates causes interest rate risks in cash flow to the Company; and a financial liability with fixed interest rates causes interest rate risks in fair value to the Company. The Company determines the proportion of bank loans with fixed and floating interest rate according to current market situation and maintains the appropriate combination of the instruments with fixed and floating interest rate by regular review and monitoring.

The Company pays close attention to the effect of interest rate changes on the Company's interest rate risk. The Company does not adopt any interest rate hedge, but the management is responsible for monitoring interest rate risk and will consider hedging on significant interest rate risk. The rise in interest rates will increase the cost of new interest-bearing debts and the interest expenses of interest-bearing debts that have not been paid by the Company at floating interest rates, and will have a significant adverse impact on the Company's financial results. The management will rely on the latest market. The situation is adjusted in a timely manner. These adjustments may be arranged for interest rate swaps to reduce interest rate risk.

Foreign exchange rate risk

Foreign exchange rate risk is the risk of fluctuation of financial instrument fair value or future cash flow fluctuation due to the changes of foreign exchange rate. Foreign exchange rate risk can arise from financial instruments measured at foreign currencies other than the functional currency.

The main operations of the Company are within China and mainly settled in RMB. However, assets and liabilities denominated in foreign currencies recognized by the Company and the future foreign currency transactions (Foreign currency assets and liabilities and foreign currency transactions are primarily denominated in USD or EUR) are still having exchange risk.

The Company's foreign currency financial assets and foreign currency financial liabilities as of 31/12/2019 are presented in Note V. 63 "Items in foreign currency".

Other pricing risk

Other price risk is the risk of fluctuation due to the changes of market price, besides of foreign exchange risk and interest rate risk, no matter whether the change is caused by individual financial instrument or factors relating to issuer or all similar financial instruments traded in the market. Other pricing risk may be affected by the changes in price of goods, equity instrument, share market index or the other risk factors.

The Company's investments in equity of listed securities as classified as investment in other equity instruments are measured at fair value on balance sheet date, and the Company undertakes the fluctuation risk of stock market.

The Company pays close attention to the effect of price changes on the Company's price risk of equity security investment. The Company does not take any measure to avoid other price risk. However, the management is responsible for monitoring other price risk and will consider in holding a portfolio of multiple equity securities in order to mitigate the price risk of equity security investment.

2. Capital management

The purpose of the Company's capital management policy is to ensure the Company is going concern so as to provide returns to the shareholders and benefit other stakeholders and maintain the optimal capital structure to reduce capital cost.

To maintain or adjust the capital structure, the Company may adjust the sources of financing, amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or other equity, or sell assets to reduce debts.

The Company monitors capital structure on the basis of asset-liability ratio (Total liabilities divided by total assets). As at 30 June 2021, the Company's asset-liability ratio is 63.67%(31 December 2020: 55.82%).

IX. Fair value

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1: unadjusted quoted prices in active market for identical assets or liabilities.

Level 2: inputs other than Level 1 inputs that are either directly (i.e. price) or indirectly (i.e. derived from the price) observable for underlying assets or liabilities.

Level 3: inputs that are unobservable for underlying assets or liabilities.(Unit: RMB ten thousand)

(1) Item and amount measured at fair value

As at 30 June 2021, assets and liabilities measured at fair value are shown as follows:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Trading financial assets		221,485.17		221,485.17
(II) Derivative instruments	118,410.56			118,410.56
(III) Other equity instruments investment	170,218.90		182,023.13	352,242.03
Total assets measured at fair value on a recurring basis	**288,629.46**	**221,485.17**	**182,023.13**	**692,137.76**
II. Non-recurring fair value measurements				
Identifiable assets of acquiree in business combination not under common control		2,923,652.41		2,923,652.41
Total assets measured at fair value on a non-recurring basis		**2,923,652.41**		**2,923,652.41**
Identifiable liabilities of acquiree in business combination not under common control		1,926,467.08		1,926,467.08

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Total liabilities measured at fair value on a non-recurring basis		**1,926,467.08**		**1,926,467.08**

Note : Identifiable assets and liabilities of the acquiree in business combination not under common control obtained by the Company is generated from the business combination of Guangdong Bangpu, Longyan Sikang, Contemporary Yongfu, and LANGTIINTERNATIONALHOLDINGLIMITED.

X. Related party and transactions

1. The Company's controlling shareholder and actual controlling party

The controlling shareholder of the Company is Ruiting Investment. As of 30 June 2021, its shareholding ratio in the Company was 24.54%.

The actual controllers of the Company are Zeng Yuqun and Li Ping. As of 30 June 2021, Zeng Yuqun held 100% equity of Ruiting Investment through direct and indirect shareholding methods, the Company's controlling shareholder, and indirectly held 24.54% of the Company's shares. Li Ping directly holds 4.81% of the Company's shares. They are agreed to act in concert, and hold totally 29.34% of the Company's shares.

2. Subsidiaries

The Company’s subsidiaries refer to note VII.1.

3. Joint ventures and associates

Significant joint ventures and associates refers to Note VII.2.

Joint ventures and associates that have related party transactions with the Company during this year or the previous year are as follows:

Joint ventures or associates	Relationship with the Company
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.	Associate
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	Associate, the Company's chief financial officer Zheng Shu serves as its director, and the Company’s supervisor Feng Chunyan serves as its director
Qujing Lintie Technology Co., Ltd.	Associate
Fujian Contemporary Nebula Energy Technology Ltd.	Associate, the Company's vice chairman and deputy general manager Huang Shilin served as chairman
NorthAmericanLithiumInc.	ssociate, the Company's chief financial officer Zheng Shu serves as its director
Fujian Yongfu Electric Power Design Co., Ltd.	Associate
Fujian Yongfu Operation and Maintenance Technology Co., Ltd.	Subsidiary of the joint venture Fujian Yongfu Electric Power Design Co., Ltd.
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	Associate, the Company's supervisor Feng Chunyan served as its director

Yibin Tianyi Lithium Technology Innovation Co., Ltd.	Associate
Xinneng Yishite (Yangzhou) Technology Co., Ltd.	Associate
Fujian Ningde Huixiang Unlimited Technology Co., Ltd.	A subsidiary of Fujian Ningde Zhixiang Unlimited Technology Co., Ltd., an associate company
Fujian Hongda Contemporary New Energy Technology Co., Ltd.	Associate
Changzhou Mengteng Intelligent Equipment Co., Ltd.	Associate
PT.QMBNEWENERGYMATERIALS	Associate
SAIC-CATL EV Battery System Co., Ltd.	Associate, the company's director and general manager Zhou Jia serves as its director, the company's deputy general manager Wu Kai serves as its director, and the company's board of supervisors chairman Wu Yingming serves as its director
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	Associate
Shanghai Tujin New Energy Technology Co., Ltd.	Subsidiary of joint venture
GAC-CATL EV Battery System Co., Ltd.	Associate, the Company's deputy general manager Tan Libin serves as chairman and supervisor, Feng Chunyan serves as director
Henan Yuexin Contemporary New Energy Technology Co., Ltd.	Associate
VEINSTONE INVESTMENT LIMITED	Associate
Shanghai Kuaibu Neo Energy Technology Co., Ltd.	Joint venture, the company's deputy general manager Tan Libin serves as its director
Wuxi Pioneer Intelligent Equipment Co., Ltd.	Associate
Zhuhai Titan New Power Electronics Co., Ltd.	Subsidiary of joint venture Wuxi Pioneer Intelligent Equipment Co., Ltd.
PT.INDONESIA WEDABAY INDUSTRIALPARK	Associate

4. The company's other related parties

Related party name	**Relationship with the company**
Shanghai Shida Investment Management Co., Ltd.	One of the company's controllers, and vice chairman, Liping holds 90% of its shares and serves as an executive director and general manager

5. Related party transactions

(1) Sale and purchase with related party

① Purchase of goods and receiving services

Related party	**Related party**	**Six months**	**Six months**

	transaction	ended 30/06/2021	ended 30/06/2020
Ningxiang Jinli Bangpu Environmental Protection Technology Co., Ltd.	Wastewater treatment	15,063,745.10	7,153,994.99
Yibin Tianyi Lithium Technology Innovation Co., Ltd.	Battery material	165,952,462.42	
Qujing Lintie Technology Co., Ltd.	Battery material	149,518,356.70	
Fujian Contemporary Nebula Technology Co., Ltd.	Battery material	54,904.73	
Changzhou Mengteng Intelligent Equipment Co., Ltd.	Equipment	3,688,127.10	
Shanghai Kuaibu New Energy Technology Co., Ltd.	Battery material	135,362.84	
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	Equipment	5,660,650.00	
Wuxi Pioneer Intelligent Equipment Co., Ltd.	Equipment	81,495,077.41	
Zhuhai Titan New Power Electronics Co., Ltd.	Equipment	154,009,291.98	

② Sale of goods and rendering of services

Related party	Related party transaction	Six months ended 30/06/2021	Six months ended 30/06/2020
SAIC-CATL EV Battery System Co., Ltd.	Power battery system	193,948,482.04	185,449,882.04
Qujing Lintie Technology Co., Ltd.	Consulting service	6,590.20	472,651.41
Fujian Contemporary Nebula Energy Technology Ltd.	Energy storage battery system,Test fee	5,801,139.50	19,252,665.48
GAC-CATL EV Battery System Co., Ltd.	Consulting service	707,547.17	235,849.06
Shanghai Shida Investment Management Co., Ltd.	Transport service	328,524.53	
Yibin Tianyi Lithium Technology Innovation Co., Ltd.	Lithium battery materials	149,936,814.16	
Fujian Hongda Contemporary New Energy Technology Co., Ltd.	Power battery system	6,288,585.32	
Fujian Ningde Huixiang Unlimited Technology Co., Ltd.	Power battery system, service	383,509,809.58	
Shanghai Tujin New Energy Technology Co., Ltd.	Power battery system, service	5,089,615.80	
Shanghai Ronghe Electronic Technology Financial Leasing Co., Ltd.	Power battery system		193,599,996.90

(2) Information of guarantee

① The Company as guarantor

Guarantee	Actual guarantee amount (RMB ten thousand)	Start date	Expiry date	Whether guarantee expired
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	7,612.00	12 July 2019	12 July 2034	No

(3) Key management personnel remuneration

The Company's key management personnel remuneration is shown in the table below:

Item	Six months ended 30/06/2021 Remuneration (RMB ten thousand)	Six months ended 30/06/2020 Remuneration (RMB ten thousand)
Key management personnel remuneration	610.84	499.75

6. Receivables and payables with related party

(1) Receivables from related party

Item	Related party	As at 2021.06.30		As at 2020.12.31	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	SAIC-CATL EV Battery System Co., Ltd.	107,475,835.85	42,297.62	126,906,164.48	1,002,482.29
Accounts receivable	Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	15,929,474.40	2,982,526.37	16,362,987.10	2,986,186.56
Accounts receivable	Yibin Tianyi Lithium Technology Innovation Co., Ltd.	160,396,800.00	1,354,245.34		
Accounts receivable	Fujian Contemporary Nebula Energy Technology Ltd.	1,198,312.75	10,117.47	7,000,729.32	59,107.82
Accounts receivable	Fujian Ningde Huixiang Unlimited Technology Co., Ltd.	97,329,104.54	821,758.83		
Accounts receivable	Fujian Hongda Contemporary New Energy Technology Co., Ltd.	163,663.20	1,381.82		
Accounts receivable	Fujian Yongfu Electric Power Design Co., Ltd.	5,797,767.23			
Accounts receivable	Shanghai Ronghe Electronic Technology Financial Leasing Co., Ltd.			15,209,445.00	128,414.78

Item	Related party	As at 2021.06.30		As at 2020.12.31	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Qujing Lintie Technology Co., Ltd.			643,979.07	5,437.18
Accounts receivable	Xinneng Yishite (Yangzhou) Technology Co., Ltd.			151,811.25	1,281.76
Prepayments	Qujing Lintie Technology Co., Ltd.	131,720,417.59		121,155,218.00	
Prepayments	Yibin Tianyi Lithium Technology Innovation Co., Ltd.	1,478,141.09		241,595.00	
Other receivables	Henan Yuexin Contemporary New Energy Technology Co., Ltd.	120,000,000.00		10,000,000.00	
Other receivables	VEINSTONEINVEST MENTLIMITED	90,920,782.51		89,148,307.54	
Other receivables	Shanghai Tujin New Energy Technology Co., Ltd.	750,000.00			
Other receivables	PT.INDONESIAWEDA BAYINDUSTRIALPAR K	113,126,417.97			
Other receivables	NorthAmericanLithium INC	291,743,200.00	291,743,200.00	286,501,600.00	286,501,600.00
Other receivables	PT.QMBNEWENERG YMATERIALS			16,490,476.48	
Contract assets	Fujian Contemporary Nebula Energy Technology Ltd.	395,000.00	3,335.02	395,000.00	3,335.02
Contract assets	Shanghai Ronghe Dianke Financial Leasing Co., Ltd.	2,000,000.00	16,886.19	2,000,000.00	16,886.19
Other non-current assets	Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	69,240,013.33		28,560,595.00	
Other non-current assets	Wuxi Pioneer Intelligent Equipment Co., Ltd.	278,726,004.59			
Other non-current assets	Zhuhai Titan New Power Electronics Co., Ltd.	225,684,645.37			
Other non-current assets	Changzhou Mengteng Intelligent Equipment Co., Ltd.	1,031,606.95			
Other non-current assets	Fujian Yongfu Electric Power Design Co., Ltd.	6,487,160.77		5,317,160.00	
Other non-current assets	Fujian Yongfu Operation and Maintenance Technology Co., Ltd.	316,513.76			

(2) Payables to related party

Item	Related party	As at 2021.06.30	As at 2020.12.31
Accounts payable	Qujing Lintie Technology Co., Ltd.	45,993,646.30	25,048,106.30
Accounts payable	Yibin Tianyi Lithium Technology Innovation Co., Ltd.	53,672,506.79	
Accounts payable	Changzhou Mengteng Intelligent Equipment Co., Ltd.	3,688,127.10	
Accounts payable	North American Lithium Inc.	5,227,431.52	5,279,866.87
Accounts payable	Fujian Yongfu Electric Power Design Co., Ltd.	1,284,405.50	344,000.00
Accounts payable	Zhuhai Titan New Power Electronics Co., Ltd.	328,464,047.37	
Accounts payable	Wuxi Pioneer Intelligent Equipment Co., Ltd.	1,212,552,710.04	
Accounts payable	Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	2,164,731.00	
Accounts payable	Fujian Contemporary Nebula Technology Co., Ltd.		889,087.78
Other payables	Xinneng Yishite (Yangzhou) Technology Co., Ltd.	10,000,000.00	10,000,000.00
Other payables	Fujian Yongfu Electric Power Design Co., Ltd.	5,959,900.80	
Other payables	Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.		602,311.98
Contract liabilities	Wuxi Pioneer Intelligent Equipment Co., Ltd.	828,880.53	
Contract liabilities	Fujian Ningde Huixiang Unlimited Technology Co., Ltd.		135,361,998.73
Contract liabilities	Fujian Hongda Contemporary New Energy Technology Co., Ltd.		7,098,964.25

XI. Share-based payments

1. Information about share-based payments

Total amount of equity instruments granted during the year	
Total amount of equity instruments exercised during the year	
Total amount of equity instruments forfeited during the year	38,808,234.05
The range of exercise price and residual life of outstanding share options at the end of the reporting period	.1) In August 2018, the exercise price of equity incentives granted by the Company through the issuance of restricted stocks is RMB 35.15 per share, and the contract period does not exceed 5 years. 2) In September 2019, the exercise price of the equity incentive granted by the Company through the issuance of restricted stocks is RMB 35.53 per share, and the contract period does not exceed 5 years. 3) In November 2020, the exercise price of the equity incentive

	granted by the company through the issuance of restricted stock is RMB 231.86 per share, and the contract period does not exceed 3 years.

2. Information on equity-settled share-based payments

Method in determining the fair value of equity instruments at the date of grant	1) Use "Net profit attributable to the parent company after deducting non-recurring gains and losses during a reasonable performance period" multiplied by "Reasonable price-earnings ratio determined by reference to the price-earnings ratio adopted by comparable companies in the same industry during the approximate grant date" to determine the Company's reasonable valuation, so as to determine the fair value of the shares granted, minus the price granted to the employee; or use the subscription price of the external investor at the same period of the grant date to determine the fair value of the restricted shares, minus the price granted to the employee. 2) Determined according to the Black-Scholes option pricing model (B-S model)
Basis in determining the quantity of exercisable equity instruments	Determined according to the expected turnover rate and the conditions of the right to exercise
Reason for significant difference of estimation between current year and prior year	Not applicable
Accumulated amount recorded in capital reserve for equity-settled share-based payments	1,063,331,819.60
Total expenses recognized for equity-settled share-based payments in the year	118,618,095.69

XII. Commitments and contingencies

1. Significant commitments

(1) External investment commitment

Unit: RMB ten thousand

Capital commitments that have been signed but have not been recognized in the financial statements	**As at 2021.06.30**	**As at 2020.12.31**
External investment commitment	560,950.22	310,722.26

Note: As of 30 June 2021, the investment deposit has been paid for RMB 4,101.10 million.

2. Contingencies

Contingent liabilities arising from guarantee provided to other entities and related financial effects

As at 30 June 2021, the Company and its subsidiaries provided guarantees for the following loans of external party:

Unit: RMB ten thousand

Guarantee	Actual guaranteed amount	Start date	Guarantee period	Whether guarantee expired
Qinghai Xingchuan Development and Construction Co., Ltd.	15,000.00	21 March 2016	8 years	No
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	7,612.00	12 July 2019	15 years	No

As at 30 June 2021, the Company provided guarantees for the following loans of subsidiary:

Unit: RMB ten thousand

Guarantee	Currency	Actual guaranteed amount	Start date	Guarantee period	Whether guarantee expired
Pingnan Contemporary New Materails Co., Ltd.	RMB	24,877.89	18 December 2018	8 years	No
Jiangsu Contemporary Amperex Technology Limited	RMB	8.40	19 June 2019	6.5 years	No
Contemporary Amperex Technology Thuringia GmbH	RMB	161,045.11	29 June 2020	3-4 years	No
Longyan Sikang New Material Co., Ltd.	RMB	1,877.98	1 November 2020	6 years	No
Contemporary Sikang New Material Co., Ltd.	RMB	30,000.00	20 December 2020	7 years	No
Sichuan Contemporary New Energy Technology Co., Ltd.	RMB	200,000.00	12 October 2020	8 years	No
Contemporary Ruiding Development Co., Ltd.	USD	50,000.00	17 September 2020	10 years	No
Contemporary Ruiding Development Co., Ltd.	USD	100,000.00	17 September 2020	5 years	No
Ningde Anpu Environmental Technology Co., Ltd.	RMB	14,700.00	29 June 2021	3 years	No

As of 30 June 2021, the Company had no other contingencies that should be disclosed.

XIII. Events after balance sheet date

1. Important non-adjusting matters

Item	Content	The amount of impacts on financial conditions and operating results	The reason why the impact amount cannot be estimated
Issuance of shares	The Company held the 32nd meeting of the second board of directors on August 12, 2021, and reviewed and approved the "Proposal on the Company's Issuance of Shares to Specific Objects" and other related proposals. The Company intends to issue shares to no more than 35 specific objects. The number of shares issued will not exceed 10% of the Company's total share capital before the issuance, and the total amount of funds raised will not exceed RMB 58.2 million. As of the issue date of the this report, the issuance still needs to be reviewed by the shareholders' meeting, approved by the Shenzhen Stock Exchange, and approved by the China Securities Regulatory Commission before it can be implemented. For details, please refer to the relevant announcement disclosed by the Company on www.cninfo.com.cn on August 13, 2021.		The issuance has not been completed, and it is temporarily impossible to estimate the amount of impacts on the financial conditions and operating results.

As of August 25, 2021 (the date when the board of directors approved this report), the Company has no other after balance sheet date events that need to be disclosed.

XIV. Other significant events

1. Segment reporting

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's operations and strategies are operating as a whole, and the financial information provided to the chief operating decision makers does not contain profit or loss information for various operating activities. Therefore, the management believes that the Company has only one operating segment and does not need to prepare a segment report, so the Company does not present any segment information.

XV. Notes to significant items of financial statements of parent company

1. Notes receivable

Category	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance	4,398,675,373.56		4,398,675,373.56	9,315,893,993.88		9,315,893,993.88

bills						
Commercial acceptance bills				101,000,000.00	852,752.55	100,147,247.45
Total	**4,398,675,373.56**		**4,398,675,373.56**	**9,416,893,993.88**	**852,752.55**	**9,416,041,241.33**

(1) Notes receivables that have been endorsed or discounted at the end of the period and have not yet expired as at 30/06/2021

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	8,749,295,464.99	

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings.

2. Accounts receivable

(1) Accounts receivable by ageing

Ageing	As at 2021.06.30	As at 2020.12.31
Within 1 year	10,781,440,430.61	9,900,756,882.94
1 to 2 years	1,043,162,213.97	345,206,495.12
2 to 3 years	29,296,426.74	40,940,502.96
Over 3 years	163,149,805.24	219,753,947.99
Subtotal	**12,017,048,876.56**	**10,506,657,829.01**
Less: Provision for bad debts	472,376,076.55	418,037,934.15
Total	**11,544,672,800.01**	**10,088,619,894.86**

(2) Accounts receivable by bad debt provision method

Category	As at 2021.06.30				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	71,387,508.74	0.59	71,387,508.74	100.00	
Assessed by portfolio for provision for bad debts	11,945,661,367.82	99.41	400,988,567.81	3.36	11,544,672,800.01

Including: Receivables from external customers	11,488,090,857.54	95.60	400,988,567.81	3.49	11,087,102,289.73
Receivables from related parties within the scope of consolidation	457,570,510.28	3.81			457,570,510.28
Total	**12,017,048,876.56**	**100.00**	**472,376,076.55**	**3.93**	**11,544,672,800.01**

Continued

Category	As at 2020.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Individually assessed for provision for bad debts	160,840,618.40	1.53	160,840,618.40	100.00	
Assessed by portfolio for provision for bad debts	10,345,817,210.61	98.47	257,197,315.75	2.49	10,088,619,894.86
Including: Receivables from external customers	9,856,516,006.08	93.81	257,197,315.75	2.61	9,599,318,690.33
Receivables from related parties within the scope of consolidation	489,301,204.53	4.66			489,301,204.53
Total	**10,506,657,829.01**	**100.00**	**418,037,934.15**	**3.98**	**10,088,619,894.86**

Individually assessed for provision for bad debts:

Name	As at 2021.06.30			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Debtor 1	18,002,033.35	18,002,033.35	100.00	Expected difficult to fully recover
Debtor 2	16,338,424.00	16,338,424.00	100.00	Expected difficult to fully recover
Debtor 3	16,337,499.76	16,337,499.76	100.00	Expected difficult to fully recover
Debtor 4	13,879,208.57	13,879,208.57	100.00	Expected difficult to fully

				recover
Debtor 5	6,423,584.60	6,423,584.60	100.00	Expected difficult to fully recover
Other summary	406,758.46	406,758.46	100.00	Expected difficult to fully recover
Total	**71,387,508.74**	**71,387,508.74**	**100.00**	

Continued

Name	As at 2020.12.31			
	Book balance	**Provision for bad debts**	**Expected credit loss rate (%)**	**Reason for provision**
Debtor 1	88,533,109.69	88,533,109.69	100.00	Expected difficult to fully recover
Debtor 2	18,002,033.35	18,002,033.35	100.00	Expected difficult to fully recover
Debtor 3	17,438,424.00	17,438,424.00	100.00	Expected difficult to fully recover
Debtor 4	16,337,499.76	16,337,499.76	100.00	Expected difficult to fully recover
Debtor 5	13,879,208.57	13,879,208.57	100.00	Expected difficult to fully recover
Other summary	6,650,343.03	6,650,343.03	100.00	Expected difficult to fully recover
Total	**160,840,618.40**	**160,840,618.40**	**100.00**	

Provision for bad debts on portfolios:

Provision on portfolio basis: Receivables from external customers

Ageing	As at 2021.06.30		
	Accounts receivable	**Provision for bad debts**	**Expected credit loss rate (%)**
Within 1 year	10,337,149,508.83	87,290,195.05	0.84
1 to 2 years	1,029,655,867.04	192,785,756.64	18.72
2 to 3 years	12,958,573.64	12,585,708.09	97.12
Over 3 years	108,326,908.03	108,326,908.03	100.00
Total	**11,488,090,857.54**	**400,988,567.81**	**3.49**

Continued

Ageing	As at 2020.12.31		
	Accounts receivable	**Provision for bad debts**	**Expected credit loss rate (%)**
Within 1 year	9,411,562,278.30	79,462,709.94	0.84

1 to 2 years	328,535,637.04	61,512,776.64	18.72
2 to 3 years	6,820,876.71	6,624,615.14	97.12
Over 3 years	109,597,214.03	109,597,214.03	100.00
Total	**9,856,516,006.08**	**257,197,315.75**	**2.61**

(3) Additions, recoveries or reversals of provision for bad debts during the reporting period

	Provision for bad debts
As at 2020.12.31	418,037,934.15
Provision for the year	143,791,252.06
Recovered or reversal in the year	89,453,109.66
As at 2021.06.30	472,376,076.55

Including: Significant amount of recovery or reversal of provision for bad debts as follows:

Entity	**Reason of reversal**	**Collection method**	**Amount recovered or reversed**
Customer B	Cash received	Cash	88,353,109.66

(4) Accounts receivable due from the top five debtors as at 30/06/2021

Accounts receivable due from the top five debtors as at 30/06/2021 was totaling RMB 5,453,515,151.06, which accounted for 45.38% of total accounts receivable, and the corresponding provision for bad debts as at 30/06/2021 was totaling RMB 220,323,695.37.

3. Other receivables

Item	**As at 2021.06.30**	**As at 2020.12.31**
Other receivables	16,127,223,434.04	6,285,015,827.63

（1）Other receivables

① Disclosure by ageing

Ageing	**As at 2021.06.30**	**As at 2020.12.31**
Within 1 year	14,130,239,959.90	4,298,051,802.04
1 to 2 years	1,387,585,900.56	1,440,109,260.71
2 to 3 years	711,776,554.44	657,518,630.87
Over 3 years	14,617,819.14	6,332,934.01
Subtotal	**16,244,220,234.04**	**6,402,012,627.63**
Less: Provision for bad debts	116,996,800.00	116,996,800.00
Total	**16,127,223,434.04**	**6,285,015,827.63**

② Other receivables by category

Item	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Receivables from employees	390,742,413.21		390,742,413.21	301,142,038.02		301,142,038.02
Security deposits or deposits	166,511,438.82		166,511,438.82	39,054,290.49		39,054,290.49
Receivables from related parties within the scope of consolidation	14,972,313,127.80		14,972,313,127.80	5,738,882,424.92		5,738,882,424.92
Other receivables	714,653,254.21	116,996,800.00	597,656,454.21	322,933,874.20	116,996,800.00	205,937,074.20
Total	**16,244,220,234.04**	**116,996,800.00**	**16,127,223,434.04**	**6,402,012,627.63**	**116,996,800.00**	**6,285,015,827.63**

③ Information of provision for bad debts

A.As of 30 June 2021, the provision for bad debts under the 3 stages model are as follow:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	16,097,223,434.04		16,097,223,434.04
Stage 2			
Stage 3	146,996,800.00	116,996,800.00	30,000,000.00
Total	**16,244,220,234.04**	**116,996,800.00**	**16,127,223,434.04**

As at 30/06/2021, the provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	390,742,413.21			390,742,413.21	
Security deposits or deposits	166,511,438.82			166,511,438.82	
Receivables from related parties within the scope of consolidation	14,972,313,127.80			14,972,313,127.80	
Other receivables	567,656,454.21			567,656,454.21	
Total	**16,097,223,434.04**			**16,097,223,434.04**	

As at 30/06/2021, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					
Debtor 1	100,000,000.00	70.00	70,000,000.00	30,000,000.00	Expected not fully recoverable
Debtor 2	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Total	**146,996,800.00**	**79.59**	**116,996,800.00**	**30,000,000.00**	

B. As of 31 December 2020, the provision for bad debts under the 3 stages model are as follow:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	6,255,015,827.63		6,255,015,827.63
Stage 2			
Stage 3	146,996,800.00	116,996,800.00	30,000,000.00
Total	**6,402,012,627.63**	**116,996,800.00**	**6,285,015,827.63**

As at 31/12/2020, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis					
Receivables from employees	301,142,038.02			301,142,038.02	
Security deposits or deposits	39,054,290.49			39,054,290.49	
Receivables from related parties within the scope of consolidation	5,738,882,424.92			5,738,882,424.92	
Other receivables	175,937,074.20			175,937,074.20	
Total	**6,255,015,827.63**			**6,255,015,827.63**	

As at 31/12/2020, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item					

Debtor 1	100,000,000.00	70.00	70,000,000.00	30,000,000.00	Expected not fully recoverable
Debtor 2	46,996,800.00	100.00	46,996,800.00		Expected not recoverable
Total	**146,996,800.00**	**79.59**	**116,996,800.00**	**30,000,000.00**	

④Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the entire duration (no credit impairment occurred)	Third stage Expected credit loss for the entire duration (credit impairment has occurred)	Total
Balance at 31/12/2020			116,996,800.00	116,996,800.00
Changes of the balance at 31/12/2020 during the year				
-- transfer to second stage				
-- transfer to third stage				
-- transfer back to second stage				
-- transfer back to first stage				
Provision for the year				
Reversal in the year				
Disposal in the year				
Written-off in the year				
Other changes			116,996,800.00	116,996,800.00
Balance at 30/06/2021			116,996,800.00	116,996,800.00

⑤ Other receivables due from the top five debtors as at 30/06/2021

Entity	Nature	Other receivables as at 30/06/2021	Ageing	Proportion to total other receivables (%)	Provision for bad debts as at 30/06/2021
Debtor 1	Payments of companies within the scope of consolidation of the company	2,536,004,081.66	Within 1 year	15.61	
Debtor 2	Payments of companies within the scope of consolidation of the company	2,028,430,986.46	Within 1 year	12.49	
Debtor 3	Payments of companies within the scope of	1,833,900,000.00	Within 1 year, 1-2 years, 2-3 years	11.29	

Entity	Nature	Other receivables as at 30/06/2021	Ageing	Proportion to total other receivables (%)	Provision for bad debts as at 30/06/2021
	consolidation of the company				
Debtor 4	Payments of companies within the scope of consolidation of the company	1,788,103,259.13	Within 1 year	11.01	
Debtor 5	Payments of companies within the scope of consolidation of the company	1,372,143,330.53	Within 1 year, 1-2 years	8.45	
Total		**9,558,581,657.78**		**58.84**	

4. Long-term equity investment

Item	As at 2021.06.30			As at 2020.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	14,314,917,033.86		14,314,917,033.86	9,841,487,186.37		9,841,487,186.37
Investment in joint ventures	111,360,192.29	8,963,026.55	102,397,165.74	38,533,244.13	8,963,026.55	29,570,217.58
Investment in associates	8,609,593,845.69		8,609,593,845.69	5,277,700,982.36		5,277,700,982.36
Total	**23,035,871,071.84**	**8,963,026.55**	**23,026,908,045.29**	**15,157,721,412.86**	**8,963,026.55**	**15,148,758,386.31**

(1) Investment in subsidiaries

Investee	As at 2020.12.31	Increase	Decrease	As at 2021.06.30	Provision for impairment in the year	Provision for impairment as at 30/06/2020
Ningbo Meishan Bonded Area Wending Investment Co., Ltd.	355,000,000.00			355,000,000.00		
United Auto Battery Co., Ltd.	4,957,674.75			4,957,674.75		
Dongguan Runyuan New Energy Technology Limited	600,000,000.00			600,000,000.00		
Dongfeng Amperex (Wuhan) Battery System Co., Ltd.	10,348,000.00			10,348,000.00		
Ningde Runhe Industry Limited	1,012,785,657.10	6,717,915.79		1,019,503,572.89		

Investee	As at 2020.12.31	Increase	Decrease	As at 2021.06.30	Provision for impairment in the year	Provision for impairment as at 30/06/2020
CATL-FAW Auto Battery Co., Limited	530,000,000.00			530,000,000.00		
CATL-GAC EV Battery Co., Limited	7,000,000.00			7,000,000.00		
CATL-GEELY EV Battery Co., Limited	50,000,000.00			50,000,000.00		
CATL-KSTAR Science & Technology Co., Ltd.	500,000,000.00			500,000,000.00		
Sichuan Contemporary Amperex Technology Co., Ltd.	1,020,000,000.00			1,020,000,000.00		
Ningde Contemporary Amperex Financial Leasing Co., Ltd.	100,000.00			100,000.00		
Ningde Runkang Technology Co., Ltd.	50,000,000.00			50,000,000.00		
Fuding Contemporary New Energy Technology Co., Ltd.	100,000,000.00			100,000,000.00		
Ningde Contemporary New Energy Industry Investment Co., Ltd.	499,800,000.00			499,800,000.00		
Ningde Jiaocheng Contemporary New Energy Technology Co., Ltd.	510,000,000.00	510,000,000.00		1,020,000,000.00		
Ruiqing Contemporary New Energy Technology Co., Ltd.	51,510,000.00			51,510,000.00		
Contemporary Yongfu Technology Co., Ltd.	76,500,000.00	25,500,000.00		102,000,000.00		
Contemporary Amperex Technology (Hong Kong) Limited	535,000,000.00	465,000,000.00		1,000,000,000.00		
Guangdong Brunp Recycling Technology Co., Ltd.	100,000,000.00			100,000,000.00		
Longyan Sikang New Material Co., Ltd.	3,000,000.00			3,000,000.00		
Ningbo Meishan Bonded Area Wending Investment Co., Ltd.		1,000,000,000.00		1,000,000,000.00		
United Auto Battery Co., Ltd.		50,000,000.00		50,000,000.00		
Dongguan Runyuan New Energy Technology Limited		350,000,000.00		350,000,000.00		
Dongfeng Amperex (Wuhan) Battery System Co., Ltd.		1,000,000,000.00		1,000,000,000.00		

Investee	As at 2020.12.31	Increase	Decrease	As at 2021.06.30	Provision for impairment in the year	Provision for impairment as at 30/06/2020
Ningde Runhe Industry Limited		66,211,931.70		66,211,931.70		
CATL-FAW Auto Battery Co., Limited	495,105,501.00			495,105,501.00		
CATL-GAC EV Battery Co., Limited	3,196,850,353.52			3,196,850,353.52		
CATL-GEELY EV Battery Co., Limited	133,530,000.00	1,000,000,000.00		1,133,530,000.00		
Total	**9,841,487,186.37**	**4,473,429,847.49**		**14,314,917,033.86**		

(2) Investment in associates and joint ventures

Investee	As at 2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
①**Associate**											
Beijing Pride Advanced Materials Limited	78,779,249.64			-5,608,090.73						73,171,158.91	
SAIC-CATL EV Battery System Co., Ltd.	177,313,970.36			26,401,747.98						203,715,718.34	
National New Energy Vehicle Technology Innovation Center	28,485,739.07			-2,239,693.88						26,246,045.19	
Jinjiang Mintou Electrical Energy Storage Technology Co., Ltd.	26,400,000.00	4,400,000.00		-2,626,124.44						28,173,875.56	
Nanjing Karui Innovation and Entrepreneurship Management Service Co., Ltd.	4,663,121.68			-663,901.59						3,999,220.09	
Yibin Tianyi Lithium Industry Co., Ltd.	105,990,972.43	88,808,734.42		53,665,161.25	24,293,822.33					272,758,690.43	
Fujian Ningde Zhixiang Infinite Technology Co., Ltd.	455,323,069.15			-7,911,980.86						447,411,088.29	

Investee	As at 2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Fujian Contemporary Nebula Energy Technology Ltd.	16,776,193.19			-1,898,024.82						14,878,168.37	
GAC-CATL EV Battery System Co., Ltd.	45,403,143.27			-327,743.89						45,075,399.38	
Qujing Ferrophosphorus Technology Co., Ltd.	80,812,478.71	8,000,000.00		279,522.32						89,092,001.03	
Henan Yuexin Contemporary New Energy Technology Co., Ltd.	14,026,951.42	10,000,000.00		-3,515,590.49						20,511,360.93	
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.	8,555,482.94			-1,584,404.04						6,971,078.90	
Tianjin Binhai Industry Fund Management Co., Ltd.	20,300,287.38			103,776.59						20,404,063.97	
Wuhan Weineng Battery Assets Co., Ltd.	201,292,445.59			3,891,499.24			-750,235.14			204,433,709.69	
Xinneng Yishite (Yangzhou) Technology Co., Ltd.	4,904,011.48			-31,887.72						4,872,123.76	

Investee	As at 2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Fujian Yongfu Electric Power Design Co., Ltd.	190,373,866.05	21,152,651.79		690,330.68						212,216,848.52	
Fujian Hongda Contemporary New Energy Technology Co., Ltd.	7,800,000.00			741,985.62						8,541,985.62	
Changzhou Mengteng Intelligent Equipment Co., Ltd.	7,500,000.00			1,016,237.06						8,516,237.06	
Well-off Life Insurance Co., Ltd.	900,000,000.00			-1,042,539.21						898,957,460.79	
Chongqing Ant Consumer Finance Co., Ltd.	640,000,000.00									640,000,000.00	
Ningde Wenda Magnesium Aluminum Technology Co., Ltd.		15,000,000.00		-379,985.14						14,620,014.86	
Fujian Contemporary Mindong New Energy Industry Equity Investment Partnership (Limited Partnership)		328,800,000.00		-1,598,677.48						327,201,322.52	
Ningpu Contemporary		245,000,000.00		74,299.91						245,074,299.91	

Investee	As at 2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Battery Technology Co., Ltd.											
Jiangsu Sesame Energy Technology Co., Ltd.		30,000,000.00		-248,020.48						29,751,979.52	
Wuxi Pioneer Intelligent Equipment Co., Ltd.		2,499,999,994.05								2,499,999,994.05	
Ningbo Brunp Contemporary New Energy Co.,Ltd.	1,764,000,000.00									1,764,000,000.00	
Fujian Mindong CATL Rural Investment Development Partnership (Limited Partnership)	499,000,000.00									499,000,000.00	
Subtotal	**5,277,700,982.36**	**3,251,161,380.26**		**57,187,895.88**	**24,293,822.33**		**-750,235.14**			**8,609,593,845.69**	
②Joint ventures											
State Grid CATL (Fujian) Energy Storage Development Co., Ltd.	15,033,784.56	64,000,000.00		873,053.59						79,906,838.15	
Shanghai Kuaibu New Energy Technology Co., Ltd.	14,536,433.02	9,800,000.00		-1,846,105.43						22,490,327.59	
Shenzhen Shengde New Energy											8,963,026.55

Investee	As at 2020.12.31	Movement in the year								As at 2021.06.30	Provision for impairment as at 30/06/2020
		Addition	Reduction	Investment income under equity method	Adjustment to other comprehensive income	Change in other equity	Declared distribution of cash dividend or profit	Provision for impairment	Other		
Technology Co., Ltd.											
Subtotal	29,570,217.58	73,800,000.00		-973,051.84						102,397,165.74	8,963,026.55
Total	5,307,271,199.94	3,324,961,380.26		56,214,844.04	24,293,822.33		-750,235.14			8,711,991,011.43	8,963,026.55

5. Operating income and operating cost

Item	Six months ended 30/06/2021		Six months ended 30/06/2020	
	Income	Cost	Income	Cost
Primary operations	33,653,508,577.64	27,914,099,554.82	13,409,232,988.65	10,622,327,946.81
Other operations	1,761,824,635.04	611,477,404.14	1,291,846,532.98	495,690,621.51
Total	**35,415,333,212.68**	**28,525,576,958.96**	**14,701,079,521.63**	**11,118,018,568.32**

Description of performance obligations:

The Company's main business is the development, production, sales and after-sales service of lithium-ion power battery systems and energy storage systems. For sales of goods transactions, the Company completes the performance obligations when the customer obtains control of the relevant goods; for service transactions, the Company recognises the completed performance obligations according to the performance progress during the entire service period.

Description of allocation of revenue to outstanding performance obligations:

The amount of revenue corresponding to the performance obligations of those contracts signed but not yet performed or not yet completed as at 30 June 2021 is RMB 52,037.67 million.

6. Investment income

Item	Six months ended 30/06/2021	Six months ended 30/06/2020
Investment income from long-term equity investment accounted by equity method	56,214,844.04	-35,903,450.19
Gain from derecognition of financial assets at amortized cost(Discounted bills)	-90,848,721.00	-9,750,580.18
Gain from derecognition of trading financial liabilities		-313,244,692.48
Bank financial products income	3,050,323.76	841,309.16
Total	**-31,583,553.20**	**-358,057,413.69**

XVI. Supplementary information

1. Details of non-recurring gain or loss for the year

Item	Six months ended 30/06/2021
Gain or loss on disposal of non-current assets	-30,878,223.24
Government grants included in the profit or loss (except for government grants that are closely related to the company's normal business operations, comply with national policy regulations, and are based on a certain standard rate or quantitative of continuous entitlement)	641,625,771.67
Gain or loss from entrusting others to invest or manage assets	28,087,501.71
Reversal of provision for impairment of receivables that was made on individual basis	89,453,109.66

Item	Six months ended 30/06/2021
Non-operating income and non-operating expenses other than above	48,388,293.43
Total amount of non-recurring items	776,676,453.23
Less: effects of income tax on non-recurring items	134,874,983.48
Net amount of non-recurring items	641,801,469.75
Less: Non-recurring items attributable to the minority shareholders (net of tax)	76,509,048.92
Non-recurring items attributable to the shareholders of the Company	565,292,420.83

2. Return on equity and earnings per share

Profit in reporting period	Weighted average return on equity %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the shareholders of the Company	6.74	1.9416	1.9337
Net profit excluding non-recurring items attributable to the shareholders of the Company	5.89	1.6968	1.6899

Contemporary Amperex Technology Co., Limited

25 August 2021

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