The following is the text of a report set out on pages [I-1] to [I-134], received from the Company's reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

[To insert the firm's letterhead]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CALB CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of CALB Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-3] to [I-134], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019, 2020 and 2021, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years then ended (the "**Track Record Period**"), and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out in Sections A, B and C on pages [I-3] to [I-134] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 of Section B to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 of Section B to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the Company's and the Group's financial position as at 31 December 2019, 2020 and 2021, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 of Section B to the Historical Financial Information.

Report on matters under the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 18 of Section B to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

RSM Hong Kong
Certified Public Accountants
Hong Kong

A. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by RSM Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*8*	1,733,832	2,825,419	6,817,115
Cost of sales		(1,650,574)	(2,440,745)	(6,438,837)
Gross profit		83,258	384,674	378,278
Investment and other income	*9*	18,662	31,644	176,247
Government grants and subsidies	*10*	308,595	134,861	364,509
Other gains and (losses), net	*11*	(142,008)	61,906	78,999
Selling expenses		(52,523)	(82,332)	(160,311)
Administrative expenses		(177,638)	(243,107)	(412,062)
Research and development expenses		(135,892)	(201,989)	(285,256)
Impairment losses on trade and bills receivables		(35,418)	(23,351)	(26,600)
Impairment losses on prepayments, deposits and other receivables		(1,659)	(1,281)	(682)
(Loss)/profit from operations		(134,623)	61,025	113,122
Finance costs	*13*	(41,175)	(57,365)	(24,975)
Share of (losses)/profits of associates	*25*	(8,715)	637	(24,714)
Share of loss of a joint venture	*26*	–	–	–
(Loss)/profit before tax		(184,513)	4,297	63,433
Income tax credit/(expense)	*14*	28,112	(22,625)	48,107
(Loss)/profit for the year	*15*	(156,401)	(18,328)	111,540
Attributable to:				
Owners of the Company		(118,690)	5,157	140,029
Non-controlling interests		(37,711)	(23,485)	(28,489)
		(156,401)	(18,328)	111,540
(Loss)/earnings per share (expressed in RMB per share)	*19*			
Basic		(0.2540)	0.0077	0.1128
Diluted		(0.2540)	0.0077	0.1128

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year	(156,401)	(18,328)	111,540
Other comprehensive income/(expense):			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	–	–	(13)
Share of other comprehensive income/(expense) of associates	119	(637)	(165)
Other comprehensive income/(expense) for the year, net of tax	119	(637)	(178)
Total comprehensive (expense)/income for the year	(156,282)	(18,965)	111,362
Attributable to:			
Owners of the Company	(118,603)	4,690	139,893
Non-controlling interests	(37,679)	(23,655)	(28,531)
	(156,282)	(18,965)	111,362

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*20*	4,845,676	8,566,468	15,251,502
Right-of-use assets	*21*	499,233	546,008	643,374
Goodwill	*22*	140,097	140,097	–
Intangible assets	*23*	552,215	776,842	1,075,007
Investments in associates	*25*	61,917	67,884	1,104,966
Investments in joint ventures	*26*	–	–	–
Deposits paid for acquisition of property, plant and equipment	*29*	252,455	484,181	1,675,984
Deferred tax assets	*41*	174,820	147,623	362,537
		6,526,413	10,729,103	20,113,370
Current assets				
Inventories	*27*	1,309,227	760,326	1,756,784
Trade and bills receivables	*28*	1,141,881	1,246,319	2,714,704
Prepayments, deposits and other receivables	*29*	534,080	628,621	1,645,749
Amounts due from related parties	*30*	6,717	5,769	1,924,932
Other financial assets	*31*	89,726	2,603,689	6,182,575
Current tax assets		402	302	–
Pledged bank deposits	*32(a)*	1,078,744	632,233	1,251,564
Restricted bank balances	*32(b)*	1,422	252	252
Bank and cash balances	*32(c)*	445,229	1,693,284	3,109,518
		4,607,428	7,570,795	18,586,078
Current liabilities				
Trade and bills payables	*33*	2,036,979	2,656,718	6,316,866
Accruals and other payables	*34*	645,430	1,510,634	2,118,779
Contract liabilities	*35*	26,585	32,014	106,918
Amounts due to related parties	*30*	50,780	29,258	22,864
Lease liabilities	*37*	22,230	5,346	11,042
Bank borrowings	*38*	626,810	687,459	3,647
Other loans	*39*	175,711	60,564	–
Provisions	*40*	48,675	84,827	136,396
Financial guarantees	*42*	–	–	12,354
Put option liabilities	*43*	–	–	941,132
Current tax liabilities		–	–	220,352
		3,633,200	5,066,820	9,890,350
Net current assets		974,228	2,503,975	8,695,728
Total assets less current liabilities		7,500,641	13,233,078	28,809,098

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Amounts due to related parties	*30*	650,260	–	–
Deferred income	*36*	249,656	217,774	914,108
Lease liabilities	*37*	69,511	5,612	15,709
Bank borrowings	*38*	249,019	140,000	2,887,000
Other loans	*39*	163,735	212,982	–
Deferred tax liabilities	*41*	52,661	48,089	6,157
		1,434,842	624,457	3,822,974
NET ASSETS		6,065,799	12,608,621	24,986,124
Capital and reserves				
Equity attributable to owners of the Company				
Share capital/Paid-in capital	*45*	6,396,732	12,768,773	1,506,457
Reserves	*46*	(797,165)	(602,729)	22,655,437
		5,599,567	12,166,044	24,161,894
Non-controlling interests		466,232	442,577	824,230
TOTAL EQUITY		6,065,799	12,608,621	24,986,124

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*20*	2,755,140	4,757,886	43,729
Right-of-use assets	*21*	75,153	202,442	19,587
Intangible assets	*23*	269,291	234,175	338,120
Investments in subsidiaries	*(a)*	1,815,711	3,659,704	12,167,408
Investments in an associate		–	–	990,090
Deposits paid for acquisition of property, plant and equipment	*29*	185,828	145,324	182,107
Deferred tax assets	*41*	89,701	77,510	66,053
		5,190,824	9,077,041	13,807,094
Current assets				
Inventories	*27*	538,872	280,247	–
Trade and bills receivables	*28*	1,117,032	1,030,414	6,289,155
Prepayments, deposits and other receivables	*29*	371,031	374,067	325,908
Amounts due from related parties	*30*	252,291	441,296	4,623,097
Other financial assets	*31*	–	2,603,689	6,182,575
Pledged bank deposits	*32*	865,301	455,148	513,403
Restricted bank balances	*32*	1,422	252	252
Bank and cash balances	*32*	150,770	867,417	1,666,586
		3,296,719	6,052,530	19,600,976
Current liabilities				
Trade and bills payables	*33*	1,401,481	2,025,980	6,545,048
Accruals and other payables	*34*	401,798	640,326	95,504
Contract liabilities	*35*	65	8	106,031
Amounts due to related parties	*30*	300,697	329	191,501
Lease liabilities	*37*	–	–	554
Bank borrowings	*38*	–	–	1,291
Provisions	*40*	23,024	38,840	80,767
Financial guarantees	*42*	22,728	55,383	78,956
Put option liabilities	*43*	–	–	941,132
		2,149,793	2,760,866	8,040,784
Net current assets		1,146,926	3,291,664	11,560,192
Total assets less current liabilities		6,337,750	12,368,705	25,367,286

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Amounts due to related parties	*30*	650,260	–	–
Deferred income	*36*	7,281	8,290	9,958
Lease liabilities	*37*	–	–	1,264
Bank borrowing	*38*	–	–	1,087,000
Deferred tax liabilities	*41*	–	363	2,056
		657,541	8,653	1,100,278
NET ASSETS		5,680,209	12,360,052	24,267,008
Capital and reserves				
Share capital/Paid-in capital	*45*	6,396,732	12,768,773	1,506,457
Reserves	*46(c)*	(716,523)	(408,721)	22,760,551
TOTAL EQUITY		5,680,209	12,360,052	24,267,008

Note:

(a) Investments in subsidiaries represent the investment cost of direct subsidiaries of the Company as set out in note 2.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital/ Paid-in capital (Note 45)	Capital reserve (Note 46(b)(i))	Merger reserve (Note 46(b)(ii))	Safety production fund (Note 46(b)(iii))	Contribution from shareholder (Note 46(b)(iv))	Exchange reserve (Note 46(b)(v))	Other reserve (Note 46(b)(vi))	Put option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	4,000,000	–	35,750	–	–	–	–	–	(664,560)	3,371,190	16,379	3,387,569
Total comprehensive expense for the year	–	–	–	–	–	–	87	–	(118,690)	(118,603)	(37,679)	(156,282)
Proceeds from paid-in capital *(note 45 (ii))*	1,909,427	573	–	–	–	–	–	–	–	1,910,000	–	1,910,000
Acquisition of a subsidiary *(note 47(a))*	417,575	125	–	–	–	–	–	–	–	417,700	498,187	915,887
Issue registered capital to acquire a subsidiary under common control	27,684	8	(27,692)	–	–	–	–	–	–	–	–	–
Issue registered capital to acquire non-controlling interests of a subsidiary	42,046	(31,391)	–	–	–	–	–	–	–	10,655	(10,655)	–
Share-based payments *(note 44)*	–	–	–	–	8,625	–	–	–	–	8,625	–	8,625
Safety production fund	–	–	–	–	–	–	–	–	–	–	–	–
Changes in equity for the year	2,396,732	(30,685)	(27,692)	–	8,625	–	87	–	(118,690)	2,228,377	449,853	2,678,230
At 31 December 2019	6,396,732	(30,685)	8,058	–	8,625	–	87	–	(783,250)	5,599,567	466,232	6,065,799

	Attributable to owners of the Company											
	Share capital/ Paid-in capital (Note 45) *RMB'000*	**Capital reserve (Note 46(b)(i))** *RMB'000*	**Merger reserve (Note 46(b)(ii))** *RMB'000*	**Safety production fund (Note 46(b)(iii))** *RMB'000*	**Contribution from shareholder (Note 46(b)(iv))** *RMB'000*	**Exchange reserve (Note 46(b)(v))** *RMB'000*	**Other reserve (Note 46(b)(vi))** *RMB'000*	**Put option reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2020	6,396,732	(30,685)	8,058	–	8,625	–	87	–	(783,250)	5,599,567	466,232	6,065,799
Total comprehensive expense for the year	–	–	–	–	–	–	(467)	–	5,157	4,690	(23,655)	(18,965)
Proceeds from paid-in capital *(note 45 (iii) & (iv))*	6,372,041	169,306	–	–	–	–	–	–	–	6,541,347	–	6,541,347
Share-based payments *(note 44)*	–	–	–	–	20,440	–	–	–	–	20,440	–	20,440
Safety production fund	–	–	–	946	–	–	–	–	(946)	–	–	–
Changes in equity for the year	6,372,041	169,306	–	946	20,440	–	(467)	–	4,211	6,566,477	(23,655)	6,542,822
At 31 December 2020	12,768,773	138,621	8,058	946	29,065	–	(380)	–	(779,039)	12,166,044	442,577	12,608,621

	Attributable to owners of the Company											
	Share capital/ Paid-in capital (Note 45) *RMB'000*	**Capital reserve (Note 46(b)(i))** *RMB'000*	**Merger reserve (Note 46(b)(ii))** *RMB'000*	**Safety production fund (Note 46(b)(iii))** *RMB'000*	**Contribution from shareholder (Note 46(b)(iv))** *RMB'000*	**Exchange reserve (Note 46(b)(v))** *RMB'000*	**Other reserve (Note 46(b)(vi))** *RMB'000*	**Put option reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2021	12,768,773	138,621	8,058	946	29,065	–	(380)	–	(779,039)	12,166,044	442,577	12,608,621
Total comprehensive income for the year	–	–	–	–	–	(13)	(123)	–	140,029	139,893	(28,531)	111,362
Acquisition of additional interests in a subsidiary	–	(5,738)	–	–	–	–	–	–	–	(5,738)	(16,780)	(22,518)
Converted into a joint stock company with limited liability *(note 45 (v))*	(11,568,773)	11,188,346	–	(7)	–	–	–	–	380,434	–	–	–
Proceeds from paid-in capital *(note 45 (vi))*	288,000	11,702,000	–	–	–	–	–	–	–	11,990,000	–	11,990,000
Increase shareholding of an associate	18,457	750,567	–	–	–	–	–	–	–	769,024	–	769,024
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	828,000	828,000
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(401,036)	(401,036)
Put option liabilities *(note 43)*	–	–	–	–	–	–	–	(926,620)	–	(926,620)	–	(926,620)
Share-based payments *(note 44)*	–	–	–	–	29,284	–	–	–	–	29,284	–	29,284
Safety production fund	–	–	–	(920)	–	–	–	–	927	7	–	7
Changes in equity for the year	(11,262,316)	23,635,175	–	(927)	29,284	(13)	(123)	(926,620)	521,390	11,995,850	381,653	12,377,503
At 31 December 2021	1,506,457	23,773,796	8,058	19	58,349	(13)	(503)	(926,620)	(257,649)	24,161,894	824,230	24,986,124

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(184,513)	4,297	63,433
Adjustments for:				
Depreciation of property, plant and equipment	*20*	203,124	214,576	453,486
Depreciation of right-of-use assets	*21*	17,163	29,583	20,708
Amortisation of intangible assets	*23*	56,727	72,308	83,431
Equity-settled share-based payments		8,625	20,440	29,284
Share of profits of associates		8,715	(637)	24,714
Government grants and subsidies		(25,146)	(38,806)	(33,124)
Impairment losses on property, plant and equipment	*11*	18,660	–	–
Impairment losses on intangible assets	*11*	–	–	15
Gain on disposal of subsidiaries	*11*	–	–	(347,240)
Impairment losses on investments in associates	*11*	–	–	178,700
Allowance/(reversal of allowance) for inventories	*11*	120,920	(49,999)	90,088
Impairment losses (reversal of impairment losses) on trade and bills receivables, net		35,418	23,351	26,600
Impairment losses on other receivables, net		1,659	1,281	682
Net loss/(gain) on disposals of property, plant and equipment	*11*	1,902	(7,417)	25
Fair value change in financial assets at FVTPL	*11*	(726)	(2,419)	(13,705)
Fair value change in financial guarantees	*11*	–	–	(1,755)
Fair value change in put option liabilities	*11*	–	–	14,512
Net gain on early termination of leases	*11*	–	(2,322)	–
Interest income	*9*	(17,917)	(27,709)	(172,266)
Finance costs	*13*	41,175	57,365	24,975
Operating profit before working capital changes		285,786	293,892	442,563
(Increase)/decrease in inventories		(666,624)	598,900	(1,963,637)
(Increase)/decrease in trade and bills receivables		(13,113)	110,918	(2,088,450)
Increase in prepayments, deposits and other receivables		(184,671)	(97,018)	(1,150,132)
Increase in amount due from a former shareholder		(218,344)	–	–
Decrease/(increase) in amount due from an associate		1,636	2,235	612,871
Increase in amount due to a joint venture		4,819	–	–
Increase/(decrease) in amounts due to subsidiaries of shareholders		173	–	3,942
Increase/(decrease) in amount due to a shareholder		–	24,385	(24,398)
Increase in amount due to an associate		–	–	(74,796)
Increase/(decrease) in trade and bills payables		608,894	228,880	4,499,822
(Decrease)/increase in accruals and other payables		(342,218)	740,908	1,125,625
Increase in provisions		26,291	36,152	111,337
(Decrease)/increase in contract liabilities		(14,227)	5,429	90,975
Cash (used in)/generated from operations		(511,598)	1,944,681	1,585,722
Interest expenses on lease liabilities		(2,167)	(2,552)	(21)
Income tax refund		–	100	302
Net cash (used in)/generated from operating activities		(513,765)	1,942,229	1,586,003

	Note	Year ended 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		17,917	27,709	172,266
Acquisition of a subsidiary	*47(a)*	151,223	–	–
Disposal of subsidiaries	*47(b)*	–	–	(24,355)
Deposits paid for acquisition of property, plant and equipment		(138,433)	(231,726)	(1,269,718)
Payment of property, plant and equipment		(1,088,572)	(2,603,866)	(8,853,004)
Proceeds from disposals of property, plant and equipment		8,936	25,969	110,262
Received government grants in relation to assets	*36*	10,559	6,924	9,568
Payment of right-of-use assets		(156,715)	(129,259)	(267,869)
Addition of intangible assets		(97,453)	(296,935)	(527,597)
Dividend received from an associate		–	1,431	–
Refund of capital contribution of an associate		–	2,263	–
Purchase of other financial assets		(310,000)	(2,863,000)	(17,485,000)
Proceeds from disposal of other financial assets		221,000	352,000	13,930,000
Increase in amount due from a joint venture		–	(3,521)	351
(Decrease)/increase in amounts due from a subsidiary of a shareholder		(3,022)	803	1,838
(Increase)/decrease in pledged bank deposits		(492,723)	446,511	(786,569)
Capital contribution to associate		–	–	(17,400)
Decrease in restricted bank balances		626,320	1,170	–
Net cash used in investing activities		(1,250,963)	(5,263,527)	(15,007,227)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from/(payment of) bank borrowings		241,895	(48,370)	2,371,586
Net proceeds from/(payment of) other loans		196,906	(65,900)	(241,546)
Acquisition of non-controlling interests		–	–	(22,518)
Repayment of loan from a shareholder		–	(260)	–
Repayment of loan from a subsidiary of a shareholder		(256,063)	(45,907)	–
Principal elements of lease payments		(9,405)	(25,560)	(222)
Capital contribution from non-controlling interests		–	–	828,000
Proceeds from issuance of registered capital		1,910,000	4,810,800	11,990,000
Interest paid		(39,008)	(54,813)	(87,836)
Net cash generated from financing activities		2,044,325	4,569,990	14,837,464
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		279,597	1,248,692	1,416,240
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		165,703	445,229	1,693,284
Effect of foreign exchange rate changes		(71)	(637)	(6)
CASH AND CASH EQUIVALENTS AT END OF YEAR		445,229	1,693,284	3,109,518
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank and cash balance	*32*	445,229	1,693,284	3,109,518

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

CALB Co., Ltd. (中創新航科技股份有限公司) (formerly known as CALB (Jiangsu) Co., Ltd.* (中航鋰電(江蘇)有限公司), CALB Technology Co., Ltd.* (中航鋰電科技有限公司) and CALB Technology Holding Co., Ltd.* (中航鋰電科技股份有限公司)) was established as a limited liability company in the People's Republic of China (the "**PRC**") on 8 December 2015. The registered office and the address of its principal place of business is No. 1 Jiangdong Avenue, Jintan District, Changzhou City, Jiangsu Province, PRC.

The Company has been engaging in the design, research and development, production and sales of EV batteries and ESS products. The principal activities of its subsidiaries are set out in Note 2.

Upon the Company's establishment, it was owned as to 50% by Changzhou Jinsha Technology Investment Company Limited* (常州金沙科技投資有限公司) ("**Jinsha Investment**"), which is a company ultimately controlled by the People's Government of Jintan District, Changzhou City ("**Government of Jintan District**"), 30% by China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司) ("**Luoyang Company**") and 20% by Changzhou Huake Technology Investment Company Limited* (常州華科科技投資有限公司) ("**Huake Investment**"), which is a company ultimately controlled by the Government of Jintan District. Pursuant to provisions of the Articles of Association of the Company dated 8 December 2015, Luoyang Company as a shareholder shall be entitled to at least 51% of the voting rights in the Company although Luoyang Company only subscribed for 30% of the registered capital of the Company. Luoyang Company was ultimately controlled by Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司) ("**AVIC**") since its date of establishment and up to 30 June 2019. In the opinion of the Directors of the Company, upon completion of Luoyang Acquisition (as defined and described in Note 2 below) on 1 July 2019, the Company became ultimately controlled by the Jintan Group.

During October to November 2021, the Company was converted into a joint stock limited company and the name of the Company was changed to CALB Co., Ltd. (中創新航科技股份有限公司).

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

2. CORPORATE STRUCTURE AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

On 22 April 2019, Sichuan Chengfei Integration Technology Co., Ltd* (四川成飛集成科技股份有限公司) ("**Chengfei Integration**") agreed to transfer 45% equity interests in Luoyang Company to the Company at a consideration of RMB1,094.28 million. On the same day, Chengfei Integration and Jinsha Investment agreed to subscribe for certain amount of the increased registered capital of the Company valued at approximately RMB417.7 million by transferring 18.98% and 9.38% of their respective equity interests in Luoyang Company as consideration to the Company. Upon completion of the aforesaid equity transfer and capital increases on 1 July 2019, Luoyang Company ceased to a shareholder of the Company and became a non-wholly owned subsidiary of the Company ("**Luoyang Acquisition**"). The Group's ownership of Luoyang Company was 73.36%. The Company was identified as the acquirer and the acquisition of Luoyang Company was accounted for under IFRS 3 – Business Combinations.

In December 2020, the Company signed agreement to further acquire equity interest of Luoyang Company from a non-controlling shareholder with a cash consideration of RMB22,518,000. Upon completion, the Group's ownership of Luoyang Company was increased to 74.37%.

On 1 July 2019, the Company acquired 65% equity interests of CALB Technology Co., Ltd.* (中創新航技術研究院(江蘇)有限公司) ("**Jiangsu Research Institute**") from Changzhou Huake Technology Investment Co., Ltd.* (常州華科科技投資有限公司) ("**Huake Investment**") ("**Jiangsu Research Institute Merger**") and 35% equity interest of Jiangsu Research Institute from Chengfei Integration ("**Jiangsu Research Institute Acquisition**") by issuing registered capital of approximately RMB69.7 million of the Company. Jiangsu Research Institute was ultimately controlled by the Government of Jintan District since its incorporation. The Group and Jiangsu Research Institute were under common control of the Government of Jintan District before and after the Jiangsu Research Institute Merger, therefore it was accounted for as business combination under common control by applying the principles of merger accounting.

Prior to the Jiangsu Research Institute Acquisition, equity interests attributable to Chengfei Integration were treated as non-controlling interests. Non-controlling interests were acquired and derecognised following the Jiangsu Research Institute Acquisition.

During the Track Record Period and as at the date of this report, the Company had direct and indirect interests in its subsidiaries, the particulars of which are set out below:

Name	*Note*	Place and date of establishments	Registered capital (paid up amount)		Percentage of equity attributable to the Company At 31 December						Principal activities
					2019		2020		2021		
					Direct	*Indirect*	*Direct*	*Indirect*	*Direct*	*Indirect*	
中航鋰電(廈門)科技有限公司 CALB (Xiamen) Co., Ltd.* ("**Xiamen Company**")	*(a)*	PRC 15 July 2019	2019: RMB2,500 million 2020: RMB2,500 million 2021: RMB5,000 million	(RMB250 million) (RMB2,000 million) (RMB4,000 million)	100%	N/A	100%	N/A	100%	N/A	Research and development, production and sales of EV battery and ESS products
中創新航技術研究院(江蘇)有限公司 CALB Technology Co., Ltd.* ("**Jiangsu Research Institute**")	*(a)*	PRC 8 November 2016	2019: RMB107 million 2020: RMB107 million 2021: RMB1,000 million	(RMB55 million) (RMB107 million) (RMB1,000 million)	100%	N/A	100%	N/A	100%	N/A	Research and development of EV battery and ESS products
中航鋰電(洛陽)有限公司 China Lithium Battery Technology (Luoyang) Co., Ltd.* ("**Luoyang Company**")	*(a)*	PRC 14 September 2009	2019: RMB990.867 million 2020: RMB990.867 million 2021: RMB990.867 million	(RMB990.867 million) (RMB990.867 million) (RMB990.867 million)	73.36%	N/A	73.36%	N/A	49%	N/A	Design, research and development, production and sales of EV battery for civil and military industrial use and ESS products
中航鋰電(北京)有限公司 China Lithium Battery Technology (Beijing) Co., Ltd.* ("**CALB (Beijing)**")	*(a)*	PRC 4 September 2013	2019: RMB40 million 2020: RMB40 million 2021: RMB40 million	(RMB40 million) (RMB40 million) (RMB40 million)	N/A	73.36%	N/A	73.36%	N/A	49%	Sales of EV battery
凱博能源先進技術研究院(深圳)有限責任公司 CALB Technology (Shenzhen) Co., Ltd.* ("**Shenzhen Research Institute**")	*(b)*	PRC 28 May 2021	2019: N/A 2020: N/A 2021: RMB100 million	N/A N/A (RMB100 million)	N/A	N/A	N/A	N/A	100%	N/A	Research and development of EV battery and ESS products
凱博能源科技(成都)有限公司 CALB (Chengdu) Co., Ltd.* ("**Chengdu Company**")	*(b)*	PRC 29 May 2021	2019: N/A 2020: N/A 2021: RMB2,000 million	N/A N/A (RMB631.500 million)	N/A	N/A	N/A	N/A	51%	N/A	Research and development, production and sales of EV battery and ESS products

Name	*Note*	Place and date of establishments	Registered capital (paid up amount)		Percentage of equity attributable to the Company At 31 December						Principal activities
					2019		2020		2021		
					Direct	*Indirect*	*Direct*	*Indirect*	*Direct*	*Indirect*	
中創新航科技(江蘇)有限公司 CALB (Jiangsu) Co., Ltd.* ("**Jiangsu Company**")	*(b)*	PRC 23 June 2021	2019: N/A 2020: N/A 2021: RMB6,000 million	N/A N/A (RMB6,000 million)	N/A	N/A	N/A	N/A	100%	N/A	Research and development, production and sales of EV battery and ESS products
凱博能源科技(武漢)有限公司 CALB (Wuhan) Co., Ltd.* ("**Wuhan Company**")	*(b)*	PRC 15 July 2021	2019: N/A 2020: N/A 2021: RMB2,500 million	N/A N/A (RMB900 million)	N/A	N/A	N/A	N/A	51%	N/A	Research and development, production and sales of EV battery and ESS products
凱博能源科技(合肥)有限公司 CALB (Hefei) Co., Ltd.* ("**Hefei Company**")	*(b)*	PRC 25 September 2021	2019: N/A 2020: N/A 2021: RMB2,500 million	N/A N/A (RMB300 million)	N/A	N/A	N/A	N/A	20%	N/A	Research and development, production and sales of EV battery and ESS products
CALB GmbH	*(b)*	Germany 30 April 2021	2019: N/A 2020: N/A 2021: EUR25,000	N/A N/A (EUR25,000)	N/A	N/A	N/A	N/A	100%	N/A	Research and development, production and sales of EV battery and ESS products

Notes:

(a) The statutory financial statements for the year ended 31 December 2019 prepared under China Accounting Standards for Business Enterprises ("PRC GAAP") were audited by PricewaterhouseCoopers, certified public accountants* (普華永道中天會計師事務所) registered in the PRC. The statutory financial statements for year ended 31 December 2020 prepared under PRC GAAP were audited by RSM China, certified public accountants (容誠會計師事務所) in the PRC.

(b) No audited statutory financial statements were prepared since it is newly incorporated during the year ended 31 December 2021.

(c) All companies comprising the Group have adopted 31 December as their financial year end date.

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

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The Historical Financial Information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED IFRSs

(a) Application of new and revised IFRSs

During the Track Record Period, the Group has consistently adopted all applicable new and revised IFRSs including *IFRS 16 Leases*, on or after 1 January 2019. The accounting policies have been applied consistently to all periods presented in the Historical Financial Information.

The Group has also applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 and 1 January 2021 for the preparation of the Historical Financial Information:

Annual period beginning on or after 1 January 2020

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Annual period beginning on or after 1 January 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs had no material impact on the Group's financial positions and performance for the Track Record Period and/or on the disclosures set out in the Historical Financial Information.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the Historical Financial Information.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the Historical Financial Information as similar conclusion would have been reached without applying the optional concentration test.

Amendment to IFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19 Related Rent Concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year ended 31 December 2020. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment ("PPE") the proceeds from selling items produced before that asset is available for use. Instead, the related sales proceeds together with the costs of providing these items as determined by IAS 2, are to be included in profit and loss.

An entity shall apply the amendments retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the Historical Financial Information in which the entity first applies the amendments.

The Group has elected to early adopt the amendment as from 1 January 2019. Consequently, the cumulative effect of initial application should be recognised as an adjustment to the opening balance of equity at 1 January 2019. There is no impact on the opening balance of equity at 1 January 2019.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, and the related interpretations, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iv) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(v) relied on the assessment of whether leases are onerous by applying IAS 37 as an alternative to an impairment review.

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

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

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 December 2018.

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

The following table summaries the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16	Effects of adoption of IFRS 16		
	Carrying amount as at 31 December 2018	Re-classification	Carrying amount as at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Right-of-use assets	–	76,781	76,781
Prepaid land lease	76,781	(76,781)	–
Liabilities			
Lease liabilities	–	–	–

(c) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported loss from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element (note 47(d)). These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows (note 47(e)).

The following tables give an indication of the estimated impact of the adoption of IFRS 16 on the Group's financial results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in the Historical Financial Information to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply in 2019 instead of IFRS 16.

	2019			
	Amounts reported under IFRS 16	Add back: IFRS 16 depreciation and interest expense	Deduct: Estimated amounts related to operating lease as if under IAS 17 (note 1)	Hypothetical amounts for 2019 as if under IAS 17
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial results for year ended 31 December 2019 impacted by the adoption of IFRS 16:				
Loss from operation	(134,623)	9,530	(12,758)	(137,851)
Finance costs	(41,175)	2,167	–	(39,008)
Loss before tax	(184,513)	11,697	(12,758)	(176,859)
Loss for the year	(156,401)	11,697	(12,758)	(148,747)

	Amounts reported under IFRS 16 *RMB'000*	2019 Estimated amounts related to operating leases as if under IAS 17 (note 1) *RMB'000*	Hypothetical amounts for 2019 as if under IAS 17 *RMB'000*
Line items in the consolidated statement of cash flows for year ended 31 December 2019 impacted by the adoption of IFRS 16:			
Cash used in operations	(519,042)	(11,572)	(530,614)
Interest element of lease rentals paid	(2,167)	2,167	–
Net cash used in operating activities	(521,209)	(9,405)	(530,614)
Capital element of lease rentals paid	(9,405)	9,405	–
Net cash generated from financing activities	2,044,325	9,405	2,053,730

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

(b) New and revised IFRSs but not yet effective

Other than the amendments to IFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021 and IAS 16, Property, Plant and Equipment: Proceeds before Intended Use, the Group has not early applied new and revise IFRSs that have been issued but are not yet effective for the Track Record Period. These new and revised IFRSs include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37 Onerous contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has not identified any aspect of the new and revised standards which may have a significant impact on the Historical Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. financial instruments that are measured at fair value).

The preparation of Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 5.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

(a) Consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Track Record Period. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

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

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

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

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

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

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

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

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

(b) Merger accounting for business combination under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if the current group structure had always been in existence.

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

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

[The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 December 2021 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.]

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

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

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

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

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

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

(d) Associates

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

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

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

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

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

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

(e) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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

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

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

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

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

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

(f) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

(iii) Translation on consolidation

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

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

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

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

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

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

(g) Property, plant and equipment

Property, plant and equipment are stated in the Historical Financial Information at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

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

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

(h) Leases

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

The Group as a lessee

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

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

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

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

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

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

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

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

(i) Other intangible assets

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

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

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

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

(b) Intangible assets acquired separately

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

Computer software	Not more than 10 years
Trademark	10 years
Patent	Not more than 10 years
Others	5 years

(j) Inventories

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

(k) Other contract costs

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

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

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

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

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

(l) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(dd) and are reclassified to receivables when the right to the consideration has become unconditional.

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

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

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

(m) Recognition and derecognition of financial instruments

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

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

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

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

(n) Financial assets

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

Debt investments

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

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

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

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

Equity investments

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

(o) Trade and other receivables

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

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

(p) Cash and cash equivalents

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

(q) Financial liabilities and equity instruments

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

(r) Borrowings

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

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

(s) Financial guarantee contracts

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

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

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

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

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

(t) Put Option Liability

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

(u) Trade and other payables

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

(v) Equity instruments

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

(w) Revenue and other income

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

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

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

Revenue from other sources

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

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

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

(x) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Medical benefits

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

(iii) Pension scheme – Mainland China

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

(iv) Housing fund – Mainland China

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

(v) Termination benefits

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

(y) Share-based payments

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

(z) Borrowing costs

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

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

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

(aa) Government grants

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

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

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

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

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

(bb) Taxation

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

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

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

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

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

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

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

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

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

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

(cc) Impairment of non-financial assets

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

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

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

(dd) Impairment of financial assets and contract assets

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Definition of default

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

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

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

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

Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the counterparty;

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

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

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

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

Write-off policy

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

Measurement and recognition of ECL

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

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

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

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

(ee) Provisions and contingent liabilities

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

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

(ff) Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

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

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

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

Although the Company owns less than 50% of the equity interest in Hefei Company, Hefei Company is treated as a subsidiary because the Group is able to control the relevant activities of Hefei Company as a result of the shareholders' agreement between the Company and the other major shareholder of Hefei Company.

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

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

(d) Joint control assessment

The Group holds 51% of the equity interest of its joint arrangement of CADMA Drivetrain Tec Co., Ltd. The directors have determined that the Group has joint control over the arrangement as under the contractual agreement, as it appears that unanimous consent is required from all parties to the agreement for all relevant activities.

(e) Business model assessment

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

(f) Significant increase in credit risk

As explained in note 4(dd), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(g) Determining the lease term

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

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 21 for further information.

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

Key sources of estimation uncertainty

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

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

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

The carrying amounts of property, plant and equipment as at 31 December 2019, 31 December 2020 and 31 December 2021 were approximately RMB4,845,676,000, RMB8,566,468,000 and RMB15,251,502,000 respectively.

The carrying amounts of right-of-use assets as at 31 December 2019, 31 December 2020 and 31 December 2021 were approximately RMB499,233,000, RMB546,008,000 and RMB643,374,000 respectively.

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than the expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

The carrying amount of goodwill as at 31 December 2019, 31 December 2020 and 31 December 2021 were approximately RMB140,097,000, RMB140,097,000 and RMBNil respectively.

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the years ended 31 December 2019, 31 December 2020 and 31 December 2021, income tax credit/(expense) of RMB28,112,000, RMB(22,625,000), and RMB48,107,000 were recognised respectively. Income tax credit/(expense) was recognised in profit or loss based on the estimated future assessable profits of a subsidiary of the Group and the expected tax rates applicable when those deferred tax reversal occurs.

(d) Impairment of trade receivables

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

As at 31 December 2019, 31 December 2020 and 31 December 2021, the carrying amounts of trade receivables were RMB500,158,000, RMB914,910,000 and RMB2,106,368,000 (net of allowance of doubtful debts of RMB96,641,000, RMB119,614,000 and RMB37,191,000), respectively.

(e) Impairment loss on deposits and other receivables

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

During the years ended 31 December 2019, 31 December 2020 and 31 December 2021, RMB1,659,000, RMB1,281,000 and RMB682,000 impairment loss on deposits and other receivables was recognised respectively.

(f) Allowance for slow-moving inventories

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

For the year ended 31 December 2019, RMB120,920,000 allowance of slow-moving inventories was recognised. For the year ended 31 December 2020, RMB49,999,000 reversal of allowance of slow-moving inventories was recognised. For the year ended 31 December 2021, RMB90,088,000 allowance of slow-moving inventories was recognised.

(g) Impairment of investments in associates using equity accounting

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

As at 31 December 2019, 31 December 2020 and 31 December 2021, the carrying amount of investments in associates using equity accounting were RMB61,917,000, RMB67,884,000 and RMB1,104,966,000 respectively.

(h) Warranty provisions

As explained in Note 40, the Group makes product warranty provision based on its best estimate of the expected settlement under the sales agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities. As the Group is continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

At 31 December 2019, if the RMB had weakened/strengthened five per cent against United States Dollar with all other variables held constant, consolidated loss after tax for the year would have been RMB2,232,000 lower/higher, arising mainly as a result of the foreign exchange gain on bank balances and trade receivables denominated in United States Dollar.

At 31 December 2019, if the RMB had weakened/strengthened five per cent against Swiss Franc with all other variables held constant, consolidated loss after tax for the year would have been RMB1,606,000 lower/higher, arising mainly as a result of the foreign exchange gain on bank balances denominated in Swiss Franc.

At 31 December 2020, if the RMB had weakened/strengthened five per cent against United States Dollar with all other variables held constant, consolidated profit after tax for the year would have been RMB3,035,000 higher/lower, arising mainly as a result of the foreign exchange gain on bank balances and trade receivables denominated in United States Dollar.

At 31 December 2021, if the RMB had weakened/strengthened five per cent against United States Dollar with all other variables held constant, consolidated profit after tax for the year would have been RMB[839,000] higher/lower, arising mainly as a result of the foreign exchange gain on bank balances and trade receivables denominated in United States Dollar.

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

(b) Credit risk

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

Trade and bills receivables

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

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

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2019, 2020 and 2021:

As at 31 December 2019

			Past due			
	Current	**0 – 180 days**	**181 – 365 days**	**Over 1 year**	**Individually Assessed**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate (%)	–	5%	10%	50%	100%	
Gross carrying amount	297,919	111,934	65,206	74,434	47,306	596,799
Expected credit losses	–	5,597	6,521	37,217	47,306	96,641

As at 31 December 2020

			Past due			
	Current	**0 – 180 days**	**181 – 365 days**	**Over 1 year**	**Individually Assessed**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate (%)	–	5%	10%	50%	100%	
Gross carrying amount	578,801	315,094	12,338	51,332	76,959	1,034,524
Expected credit losses	–	15,755	1,234	25,666	76,959	119,614

As at 31 December 2021

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

Expected loss rates are based on actual loss experience over the past 1 year. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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

	RMB'000
At 1 January 2019	2,496
Acquisition of subsidiaries	58,843
Impairment losses recognised for the year, net	35,418
Amounts written off during the year	(116)
At 31 December 2019 and 1 January 2020	96,641
Impairment losses recognised for the year, net	23,351
Amounts written off during the year	(378)
At 31 December 2020 and 1 January 2021	119,614
Impairment losses recognised for the year, net	26,600
Disposal of subsidiaries	(109,023)
At 31 December 2021	37,191

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

Financial assets at amortised cost

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

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

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

	Deposits and other receivables *RMB'000*
As at 1 January 2019	1,215
Acquisition of subsidiaries	2,572
Impairment losses recognised for the year	1,659
At 31 December 2019 and 1 January 2020	5,446
Impairment losses recognised for the year	1,281
At 31 December 2020 and 1 January 2021	6,727
Disposal of subsidiaries	(2,730)
Impairment losses recognised for the year	682
At 31 December 2021	4,679

(c) Liquidity risk

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

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

	Less than 1 year	**Between 2 to 5 years**	**More than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019				
Trade and bills payables	2,036,979	–	–	2,036,979
Accruals and other payables	636,926	–	–	636,926
Amounts due to related parties	704,298	–	–	704,298
Lease liabilities	23,650	74,044	–	97,694
Bank borrowings	646,856	256,815	–	903,671
Other loans	186,517	180,993	–	367,510
At 31 December 2020				
Trade and bills payables	2,656,718	–	–	2,656,718
Accruals and other payables	1,486,008	–	–	1,486,008
Amounts due to related parties	24,558	–	–	24,558
Lease liabilities	5,872	5,872	–	11,744
Bank borrowings	710,496	150,992	–	861,488
Other loans	72,397	230,766	–	303,163
At 31 December 2021				
Trade and bills payables	6,316,866	–	–	6,316,866
Accruals and other payables	2,097,373	–	–	2,097,373
Amounts due to related parties	22,864	–	–	22,864
Lease liabilities	12,221	16,449	–	28,670
Bank borrowings	131,267	2,349,457	963,313	3,444,037
Financial guarantees	12,354	–	–	12,354
Put option liabilities	941,132	–	–	941,132

(d) Interest rate risk

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

At 31 December 2019, if interest rates at that date had been 100 basis points higher with all other variables held constant, consolidated loss after tax for the year would have been RMB7,315,000 lower, arising mainly as a result of higher interest income on bank deposits net of higher interest expenses on bank borrowings. If interest rates had been 100 basis points lower, with all other variables held constant, consolidated loss after tax for the year would have been RMB7,315,000 higher, arising mainly as a result of lower interest income on bank deposits net of lower interest expenses on bank borrowings.

At 31 December 2020, if interest rates at that date had been 100 basis points higher with all other variables held constant, consolidated loss after tax for the year would have been RMB13,043,000 lower, arising mainly as a result of higher interest income on bank deposits net of higher interest expenses on bank borrowings. If interest rates had been 100 basis points lower, with all other variables held constant, consolidated loss after tax for the year would have been RMB13,043,000 higher, arising mainly as a result of lower interest income on bank deposits net of lower interest expenses on bank borrowings.

At 31 December 2021, if interest rates at that date had been 100 basis points higher with all other variables held constant, consolidated profit after tax for the year would have been RMB38,778,000 lower, arising mainly as a result of higher interest income on bank deposits net of lower interest expenses on bank borrowings. If interest rates had been 100 basis points lower, with all other variables held constant, consolidated profit after tax for the year would have been RMB38,778,000 higher, arising mainly as a result of lower interest income on bank deposits net of lower interest expenses on bank borrowings.

(e) Categories of financial instruments

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
Financial assets measured at amortised cost	2,757,699	3,638,951	9,056,505
Financial assets at FVTPL	89,726	1,002,420	3,713,705
Financial assets at FVTOCI	–	1,601,269	2,468,870
Financial liabilities:			
Financial liabilities at amortised cost	4,677,261	5,279,247	11,354,501
Financial guarantees	–	–	12,354
Financial liabilities at FVTPL	–	–	941,132

(f) Fair values

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

(g) Transfers of financial assets

The following were the Group's financial assets as at 31 December 2019, 31 December 2020 and 31 December 2021 that were transferred to banks or suppliers by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (note 38). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2019

	Bills receivables discounted to banks with full recourse *RMB'000*
Carrying amount of transferred assets	326,140
Carrying amount of associated liabilities	326,140
Net position	–

As at 31 December 2020

	Bills receivables discounted to banks with full recourse *RMB'000*
Carrying amount of transferred assets	40,423
Carrying amount of associated liabilities	40,423
Net position	–

As at 31 December 2021

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

7. FAIR VALUE MEASUREMENTS

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

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

	Fair value measurements using:			**As at 31 December 2019**
	Level 1	**Level 2**	**Level 3**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
– Investments in wealth management product	–	89,726	–	89,726

	Fair value measurements using:			**As at 31 December 2020**
	Level 1	**Level 2**	**Level 3**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
– Certificate of deposit	–	1,601,269	–	1,601,269
Financial assets at FVTPL				
– Investments in commodity linked structural products	–	1,002,420	–	1,002,420
	–	2,603,689	–	2,603,689

	Fair value measurements using:			As at 31 December 2021
	Level 1	Level 2	Level 3	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI				
– Certificate of deposit	–	2,468,870	–	2,468,870
Financial assets at FVTPL				
– Investments in commodity linked structural products	–	3,713,705	–	3,713,705
	–	6,182,575	–	6,182,575
Financial liabilities at FVTPL				
– Put option liabilites	–	–	941,132	941,132

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Directors at least once a year.

Level 3 fair value measurements – Put option liabilities classified as financial liabilities at FVTPL

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value – liabilities As at 31 December		
					2019	2020	2021
					RMB'000	*RMB'000*	*RMB'000*
Written put option to non-controlling shareholders of subsidiaries	Discounted cash flows	Weighted average cost of capital	10.3%	Decrease			
		Internal rate of return of underlying projects	12% to 13%	Increase			
					–	–	941,132

During the Track Record Period, there were no changes in the valuation techniques used.

8. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the Track Record Period is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Sales of EV battery	1,409,888	2,499,300	6,065,200
Sales of ESS products	181,166	238,181	446,080
Others	142,778	87,938	305,835
	1,733,832	2,825,419	6,817,115

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Sales of EV battery			Sales of ESS products			Others			Total		
For the year ended 31 December	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Primary geographical markets												
– Mainland China	1,341,586	2,422,543	5,970,264	122,278	174,552	367,889	142,778	87,938	305,611	1,606,642	2,685,033	6,643,764
– Europe	28,937	36,814	40,737	29,348	21,515	26,406	–	–	18	58,285	58,329	67,161
– Asia	39,001	39,741	44,307	–	–	9	–	–	55	39,001	39,741	44,371
– America	331	173	9,853	28,858	41,202	51,649	–	–	151	29,189	41,375	61,653
– Others	33	29	39	682	912	127	–	–	–	715	941	166
Revenue from external customers	1,409,888	2,499,300	6,065,200	181,166	238,181	446,080	142,778	87,938	305,835	1,733,832	2,825,419	6,817,115
Timing of revenue recognition												
Products transferred at a point in time	1,409,888	2,499,300	6,065,200	181,166	238,181	446,080	141,043	83,217	300,994	1,732,097	2,820,698	6,812,274
Products and services transferred over time	–	–	–	–	–	–	1,735	4,721	4,841	1,735	4,721	4,841
Total	1,409,888	2,499,300	6,065,200	181,166	238,181	446,080	142,778	87,938	305,835	1,733,832	2,825,419	6,817,115

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at year end and the expected timing of recognising revenue as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	26,585	32,014	106,918

9. INVESTMENT AND OTHER INCOME

During the Track Record Period, the Group recognised investment and other income as follow:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Interest income on:			
Bank deposits	17,580	22,056	66,882
Financial assets at FVTOCI	337	5,653	105,384
Total interest income	**17,917**	**27,709**	**172,266**
Compensation from suppliers	237	1,120	1,520
Insurance compensation income	47	1,306	997
Others	461	1,509	1,464
	18,662	31,644	176,247

10. GOVERNMENT GRANTS AND SUBSIDIES

During the Track Record Period, the Group recognised government grants and subsidies as follow:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Related to assets			
Research and development subsidies *(note (a))*	14,848	22,396	19,855
Subsidies on industry development *(note (b))*	6,976	12,342	8,924
Others	3,321	4,068	4,345
Related to income			
Research and development subsidies *(note (c))*	–	71,387	186,002
Subsidies on employee stability *(note (d))*	6,722	10,477	288
Subsidies on recruitment *(note (e))*	1,090	1,382	6,231
Subsidies on industry development *(note (f))*	248,870	6,821	135,690
Others	26,768	5,988	3,174
	308,595	134,861	364,509

Notes:

(a) The items represent subsidies obtained from the government for the development of battery projects, and the subsidy income is released to profit over the expected useful life of relevant assets.

(b) The items represent subsidies obtained from the government for boosting the industry development, and the subsidy income is released to profit over the expected useful life of relevant assets.

(c) The items represent corporate R&D subsidies from the government. The compensation for relevant expenditures incurred during the reporting periods were recognised as government subsidies in the consolidated statement of profit or loss.

(d) The items represent subsidies from the government for maintaining employee stability. The compensation for relevant expenditures incurred during the reporting periods were recognised as government subsidies in the consolidated statement of profit or loss.

(e) The items represent recruitment subsidies from the government. The compensation for relevant expenditures incurred during the reporting periods were recognised as government subsidies in the consolidated statement of profit or loss.

(f) The items represent subsidies from the government for boosting the industry development. The same amounts as relevant expenditures incurred during the reporting periods were recognised as government subsidies in the consolidated statement of profit or loss.

The Group received government grants and subsidies from related entities of Government of Jintan District of approximately RMB224 million for the year ended 31 December 2019, approximately RMB78 million for the year ended 31 December 2020 and approximately RMB142 million for the year ended 31 December 2021.

11. OTHER GAINS AND (LOSSES), NET

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Fair value change in financial assets at FVTPL	726	2,419	13,705
Fair value change in financial guarantees	–	–	1,755
Fair value change in put option liabilities	–	–	(14,512)
Gain on disposal of subsidiaries – Luoyang Company *(note 47(b))*	–	–	347,240
Impairment loss on investment in associate – Luoyang Company *(note 25)*	–	–	(178,700)
Impairment losses on property, plant and equipment	(18,660)	–	–
Impairment losses on intangible asset	–	–	(15)
(Allowance)/reversal of allowance for inventories	(120,920)	49,999	(90,088)
Net foreign exchange losses	(1,252)	(251)	(361)
Net (loss)/gain on disposals of property, plant and equipment	(1,902)	7,417	(25)
Net gain on early termination of lease	–	2,322	–
	(142,008)	61,906	78,999

12. SEGMENT INFORMATION

The Group has carried on a single business in a single geographical location, which is the design, research and development, production and sales of EV batteries and ESS products in the PRC, and all the assets are substantially located in the PRC. Accordingly, there is only one single business reportable segment which is regularly reviewed by the chief operating decision maker.

Revenue from major customers:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Customer G	461,189	1,557,502	3,537,094
Customer C	686,371	582,762	946,661

13. FINANCE COSTS

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses on lease liabilities *(note 21)*	2,167	2,552	695
Interest on bank borrowings	19,304	31,072	81,119
Interest on other loans	5,110	15,804	6,717
Interest on loan from a subsidiary of a shareholder	6,686	1,112	–
Interest on loan from a shareholder	7,908	6,825	–
Total borrowing costs	**41,175**	**57,365**	**88,531**
Amount capitalised	–	–	(63,556)
	41,175	57,365	24,975

14. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) has been recognised in profit or loss as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current tax – the PRC			
Provision for the year	–	–	(220,352)
Deferred tax *(note 41)*	28,112	(22,625)	268,459
	28,112	(22,625)	48,107

Under the relevant income tax law, the PRC subsidiaries are subject to Enterprise Income Tax ("EIT") at a statutory rate of 25% on their respective taxable income during the year.

Certain subsidiaries operating in Mainland China were approved to be high and new technology enterprises and were entitled to a reduced EIT rate of 15%. The high and new technology enterprises certificates need to be renewed every three years so as to enable those subsidiaries to enjoy the reduced EIT rate of 15%.

The reconciliation between the income tax credit and the product of loss before tax multiplied by the PRC EIT rate is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before tax	(184,513)	4,297	63,433
Tax at the PRC Enterprise Income Tax rate of 15%	(27,677)	645	9,515
Tax effect of expenses that are not deductible	2,670	1,391	9,047
Tax effect of income that are not taxable	–	(990)	(35,887)
Tax effect of super deduction of qualified research and development expenditure	(8,575)	(26,238)	(86,153)
Tax effect of temporary differences not recognised	990	310	5,995
Tax effect of tax losses not recognised	6,302	49,614	69,500
Tax effect of utilisation of tax losses not previously recognised	(789)	–	–
Effect of different tax rates of subsidiaries	(1,033)	(2,107)	(20,124)
Income tax (credit)/expense	(28,112)	22,625	(48,107)

15. (LOSS)/PROFIT FOR THE TRACK RECORD PERIOD

The Group's (loss)/profit for the Track Record Period are stated after charging/(crediting) the following:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Allowance/(reversal of allowance) for inventories *(note 11)*	120,920	(49,999)	90,088
Amortisation of intangible assets *(note 23)*	56,727	72,308	83,431
Cost of inventories sold	1,650,574	2,440,745	6,438,837
Depreciation of property, plant and equipment *(note 20)*	203,124	214,576	453,486
Depreciation of right-of-use assets *(note 21)*	17,163	29,583	20,708
Net loss/(gain) on disposals of property, plant and equipment *(note 11)*	1,902	(7,417)	25
Net gain on early termination of lease *(note 11)*	–	(2,322)	–
Impairment losses on property, plant and equipment *(note 11)*	18,660	–	–
Impairment losses on intangible assets *(note 11)*	–	–	15
Impairment losses on trade and bills receivables	35,418	23,351	26,600
Impairment losses on prepayments, deposits and other receivables	1,659	1,281	682

16. EMPLOYEE BENEFITS EXPENSES

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Employee benefits expense (including Directors' emoluments):			
Salaries, bonuses and allowances	220,653	406,491	635,987
Equity-settled share-based payments	8,625	20,440	29,284
Retirement benefit scheme contributions	14,181	15,662	34,238
	243,459	442,593	699,509

Five highest paid individuals

The five highest paid individuals in the Group for the Track Record Period included one, two, two directors of the Company for the years ended 31 December 2019, 2020 and 2021 respectively, whose emoluments are reflected in the analysis presented in note 17(a). The emoluments of the remaining four, three, three individuals for the years ended 31 December 2019, 2020 and 2021 respectively, are set out below:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Basic salaries and allowances	6,110	15,192	15,258
Equity-settled share-based payments	8,194	19,418	27,820
Retirement benefit scheme contributions	167	76	174
	14,471	34,686	43,252

Five highest paid individuals

The emoluments fell with the following band:

	Number of individuals Years ended 31 December		
	2019	**2020**	**2021**
HK$1,500,001 to HK$2,000,000	2	–	–
HK$2,000,001 to HK$2,500,000	1	–	–
HK$2,500,001 to HK$3,000,000	1	1	–
HK$3,000,001 to HK$3,500,000	–	–	1
HK$5,500,001 to HK$6,000,000	1	2	–
HK$7,000,001 to HK$7,500,000	–	1	2
HK$8,500,001 to HK$9,000,000	–	–	1
HK$13,000,001 to HK$13,500,000	–	1	–
HK$16,500,001 to HK$17,000,000	–	–	1
	5	5	5

During the Track Record Period, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

17. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and supervisors' emoluments

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	**Salaries and allowances**	**Discretionary bonus**	*(Note i)* **Estimated money value of other benefits**	**Employer's contribution to a retirement benefit scheme**	**Remunerations paid or receivable in respect of accepting office as director**	**Housing allowance**		**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairwoman									
Ms. Liu Jingyu (劉靜瑜女士)	–	2,321	–	3,450	36	–	–	–	5,807
Executive directors									
Mr. Wang Dongliang (王棟梁先生) *(note (ii))*	–	217	–	–	12	–	–	–	229
Mr. Wang Chongling (王崇嶺先生) *(note (iii))*	–	675	–	–	–	–	–	–	675
Non-Executive directors									
Mr. Zhang Guoqing (張國慶先生) *(note (iv))*	–	–	–	–	–	–	–	–	–
Mr. Zhou Sheng (周勝先生)	–	–	–	–	–	–	–	–	–
Mr. Li Yunxiang (李雲祥先生) *(note (iv))*	–	–	–	–	–	–	–	–	–
Ms. Ju Meina (巨美娜女士) *(note (vi))*	–	–	–	–	–	–	–	–	–
Supervisors									
Ms. Cheng Yan (程雁女士) *(note (v))*	–	–	–	–	–	–	–	–	–
Mr. Zhao Chao (趙超先生) *(note (vii))*	–	267	56	–	6	–	–	–	329
Mr. Shi Rongsheng (史榮生先生) *(note (viii))*	–	–	–	–	–	–	–	–	–
Total for year ended 31 December 2019	**–**	**3,480**	**56**	**3,450**	**54**	**–**	**–**	**–**	**7,040**

None of the directors waived any emoluments during the Track Record Period.

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salaries and allowances	Discretionary bonus	*(Note i)* Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairwoman									
Ms. Liu Jingyu (劉靜瑜女士)	–	2,571	2,495	8,176	8	–	–	–	13,250
Executive directors									
Mr. Dai Ying (戴穎先生) *(note (ix))*	–	914	1,949	3,066	8	–	–	–	5,937
Non-Executive directors									
Mr. Zhang Guoqing (張國慶先生) *(note (iv))*	–	–	–	–	–	–	–	–	–
Mr. Zhou Sheng (周勝先生)	–	–	–	–	–	–	–	–	–
Mr. Li Yunxiang (李雲祥先生) *(note (iv))*	–	–	–	–	–	–	–	–	–
Ms. Ju Meina (巨美娜女士) *(note (vi))*	–	–	–	–	–	–	–	–	–
Supervisors									
Mr. Jiang Jinhua (姜金華先生) *(note (xi))*	–	–	–	–	–	–	–	–	–
Ms. Cheng Yan (程雁女士) *(note (v))*	–	–	–	–	–	–	–	–	–
Ms. Nian Mingzhu (念明珠女士) *(note (x))*	–	45	15	–	1	–	–	–	61
Mr. Zhao Chao (趙超先生) *(note (vii))*	–	255	16	–	5	–	–	–	276
Mr. Shi Rongsheng (史榮生先生) *(note (viii))*	–	–	–	–	–	–	–	–	–
Total for year ended 31 December 2020	**–**	**3,785**	**4,475**	**11,242**	**22**	**–**	**–**	**–**	**19,524**

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees	Salaries and allowances	Discretionary bonus	*(Note i)* Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Housing allowance		Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairwoman									
Ms. Liu Jingyu (劉靜瑜女士)	–	2,580	2,495	11,714	39	–	–	–	16,828
Executive directors									
Mr. Dai Ying (戴穎先生) *(note (ix))*	–	928	1,948	4,393	39	–	–	–	7,308
Non-Executive directors									
Mr. Zhang Guoqing (張國慶先生) *(note (iv))*	–	–	–	–	–	–	–	–	–
Mr. Zhou Sheng (周勝先生)	–	–	–	–	–	–	–	–	–
Mr. Li Yunxiang (李雲祥先生) *(note (iv))*	–	–	–	–	–	–	–	–	–
Supervisors									
Mr. Jiang Jinhua (姜金華先生) *(note (xi))*	–	–	–	–	–	–	–	–	–
Ms. Cheng Yan (程雁女士) *(note (v))*	–	–	–	–	–	–	–	–	–
Ms. Nian Mingzhu (念明珠女士) *(note (x))*	–	196	26	–	19	–	–	–	241
Mr. Shi Rongsheng (史榮生先生) *(note (viii))*	–	–	–	–	–	–	–	–	–
Total for year ended 31 December 2021	**–**	**3,704**	**4,469**	**16,107**	**97**	**–**	**–**	**–**	**24,377**

Notes:

(i) Estimated money values of other benefits include equity-settled share-based payments.

(ii) Mr. Wang Dongliang was resigned on 13 August 2019.

(iii) Mr. Wang Chongling was resigned on 15 March 2019.

(iv) Mr. Zhang Guoqing and Li Yunxiang were appointed as director on 13 August 2019.

(v) Ms. Cheng Yan was appointed as supervisor on 13 August 2019.

(vi) Ms. Ju Meina was appointed as director on 12 September 2019 and resigned on 15 December 2020.

(vii) Mr. Zhao Chao was appointed as supervisor on 26 February 2019 and resigned on 15 September 2020.

(viii) Mr. Shi Rongsheng was appointed as supervisor on 13 August 2019 and resigned on 7 February 2021.

(ix) Mr. Dai Ying was appointed as director on 2 December 2020.

(x) Ms. Nian Mingzhu was appointed as supervisor on 15 September 2020.

(xi) Mr. Jiang Jinhua was appointed as supervisor on 7 February 2021.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

18. DIVIDENDS

No dividend has been paid or proposed during the Track Record Period.

19. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share during the Track Record Period is based on the (loss)/profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue.

As described in Note 45 (v), the Company converted into a joint stock limited liability company and converted its registered capital into 1,200 million ordinary shares with nominal value of RMB1 each in November 2021. For the purpose of computing basic and diluted loss/earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2019, at the exchange ratio established in the conversion in November 2021.

(a) Basic (loss)/earnings per share

For the years ended 31 December 2019, 31 December 2020 and 31 December 2021, the calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company of approximately loss of RMB118,690,000, profit of RMB5,157,000 and profit of RMB140,029,000 respectively and the weighted average number of ordinary shares of approximately 467,215,000, 669,540,000 and 1,241,141,000 in issue during the respective years.

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share was presented as the Company did not have any dilutive potential ordinary shares during the Track Record Period.

20. PROPERTY, PLANT AND EQUIPMENT

The Group

	Building	Machinery	Computer equipment	Furniture and office equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019:								
Cost	630,924	662,238	10,162	12,367	8,818	36,443	633,556	1,994,508
Accumulated depreciation and impairment	(38,515)	(60,949)	(2,100)	(2,755)	(1,250)	(2,866)	–	(108,435)
Net carrying amount	592,409	601,289	8,062	9,612	7,568	33,577	633,556	1,886,073
At 1 January 2019, net of accumulated depreciation and impairment	592,409	601,289	8,062	9,612	7,568	33,577	633,556	1,886,073
Additions	18,262	80,214	12,089	13,101	2,177	7,700	1,269,706	1,403,249
Acquisition of subsidiaries	927,654	848,901	8,062	1,175	3,176	7	–	1,788,975
Disposals	–	(4,608)	–	(1)	(6,228)	–	–	(10,837)
Internal transfer	(2,621)	493,529	–	–	–	6,493	(497,401)	–
Depreciation provided during the year	(42,594)	(143,108)	(5,412)	(4,524)	(1,697)	(5,789)	–	(203,124)
Impairment loss	–	(18,660)	–	–	–	–	–	(18,660)
At 31 December 2019, net of accumulated depreciation and impairment	1,493,110	1,857,557	22,801	19,363	4,996	41,988	1,405,861	4,845,676
At 31 December 2019 and 1 January 2020:								
Cost	1,724,466	2,363,906	53,708	38,784	16,886	50,712	1,405,861	5,654,323
Accumulated depreciation and impairment	(231,356)	(506,349)	(30,907)	(19,421)	(11,890)	(8,724)	–	(808,647)
Net carrying amount	1,493,110	1,857,557	22,801	19,363	4,996	41,988	1,405,861	4,845,676
At 1 January 2020, net of accumulated depreciation and impairment	1,493,110	1,857,557	22,801	19,363	4,996	41,988	1,405,861	4,845,676
Additions	8,815	87,722	28,370	29,232	668	16,941	2,921,471	3,093,219
Additions through issuing shares	849,369	663	–	10,669	–	–	–	860,701
Disposals	–	(7,861)	(93)	(14)	(1)	–	(10,583)	(18,552)
Internal transfer	706,451	16,583	752	538	–	–	(724,324)	–
Depreciation provided during the year	(68,081)	(118,003)	(12,519)	(7,263)	(1,164)	(7,546)	–	(214,576)

	Building	Machinery	Computer equipment	Furniture and office equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020, net of accumulated depreciation and impairment	2,989,664	1,836,661	39,311	52,525	4,499	51,383	3,592,425	8,566,468
At 31 December 2020 and 1 January 2021:								
Cost	3,289,101	2,213,604	81,361	79,186	17,546	67,653	3,592,425	9,340,876
Accumulated depreciation and impairment	(299,437)	(376,943)	(42,050)	(26,661)	(13,047)	(16,270)	–	(774,408)
Net carrying amount	2,989,664	1,836,661	39,311	52,525	4,499	51,383	3,592,425	8,566,468
At 1 January 2021, net of accumulated depreciation and impairment	2,989,664	1,836,661	39,311	52,525	4,499	51,383	3,592,425	8,566,468
Additions	56,384	132,883	50,751	52,561	3,396	16,629	9,074,487	9,387,091
Disposal of subsidiaries	(856,759)	(887,653)	(12,947)	(4,405)	(2,089)	–	(375,059)	(2,138,912)
Disposals	–	(24,527)	(67)	(70)	(814)	–	(84,181)	(109,659)
Internal transfer	1,070,566	2,301,572	45,497	18,129	–	–	(3,435,764)	–
Depreciation provided during the year	(100,583)	(290,667)	(29,283)	(19,417)	(1,089)	(12,447)	–	(453,486)
At 31 December 2021, net of accumulated depreciation and impairment	3,159,272	3,068,269	93,262	99,323	3,903	55,565	8,771,908	15,251,502
At 31 December 2021								
Cost	3,312,467	3,353,745	135,064	132,159	6,690	84,240	8,771,908	15,796,273
Accumulated depreciation and impairment	(153,195)	(285,476)	(41,802)	(32,836)	(2,787)	(28,675)	–	(544,771)
Net carrying amount	3,159,272	3,068,269	93,262	99,323	3,903	55,565	8,771,908	15,251,502

The Company

	Building	Machinery	Computer equipment	Furniture and office equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019:								
Cost	630,924	499,857	9,030	12,308	8,509	1,797	626,881	1,789,306
Accumulated depreciation and impairment	(38,515)	(51,904)	(1,714)	(2,740)	(1,115)	(13)	–	(96,001)
Net carrying amount	592,409	447,953	7,316	9,568	7,394	1,784	626,881	1,693,305
At 1 January 2019, net of accumulated depreciation and impairment	592,409	447,953	7,316	9,568	7,394	1,784	626,881	1,693,305
Additions	13,080	22,618	11,687	12,750	1,694	1,002	1,111,321	1,174,152
Depreciation provided during the year	(21,017)	(74,455)	(3,133)	(4,128)	(1,172)	(831)	–	(104,736)
Disposals	–	–	–	–	(6,227)	–	–	(6,227)
Impairment loss	–	(1,354)	–	–	–	–	–	(1,354)
Internal transfer	392	479,854	–	–	–	–	(480,246)	–
At 31 December 2019, net of accumulated depreciation and impairment	584,864	874,616	15,870	18,190	1,689	1,955	1,257,956	2,755,140
At 31 December 2019 and 1 January 2020:								
Cost	644,396	953,513	20,717	25,058	2,439	2,799	1,257,956	2,906,878
Accumulated depreciation and impairment	(59,532)	(78,897)	(4,847)	(6,868)	(750)	(844)	–	(151,738)
Net carrying amount	584,864	874,616	15,870	18,190	1,689	1,955	1,257,956	2,755,140
At 1 January 2020, net of accumulated depreciation and impairment	584,864	874,616	15,870	18,190	1,689	1,955	1,257,956	2,755,140
Additions	853,660	14,903	21,951	33,755	533	4,766	1,150,752	2,080,320
Depreciation provided during the year	(26,860)	(32,282)	(9,318)	(6,827)	(606)	(1,668)	–	(77,561)
Disposals	–	–	–	(13)	–	–	–	(13)
Internal transfer	690,143	(161,113)	–	–	–	–	(529,030)	–
At 31 December 2020, net of accumulated depreciation and impairment	2,101,807	696,124	28,503	45,105	1,616	5,053	1,879,678	4,757,886

	Building	Machinery	Computer equipment	Furniture and office equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020 and 1 January 2021:								
Cost	2,188,199	742,894	42,668	58,782	2,972	7,565	1,879,678	4,922,758
Accumulated depreciation and impairment	(86,392)	(46,770)	(14,165)	(13,677)	(1,356)	(2,512)	–	(164,872)
Net carrying amount	2,101,807	696,124	28,503	45,105	1,616	5,053	1,879,678	4,757,886
At 1 January 2021, net of accumulated depreciation and impairment	2,101,807	696,124	28,503	45,105	1,616	5,053	1,879,678	4,757,886
Additions	58,678	34,146	7,982	4,423	849	315	1,066,289	1,172,682
Internal transfer	–	1,088,960	–	401	–	–	(1,089,361)	–
Depreciation provided during the year	(33,083)	(65,698)	(13,507)	(9,422)	(611)	(1,891)	–	(124,212)
Disposals	–	(448,686)	(6)	(43)	–	–	(82,124)	(530,859)
Capital injection in subsidiaries	(2,127,402)	(1,300,300)	(2,077)	(32,128)	(398)	(2,775)	(1,766,688)	(5,231,768)
At 31 December 2021, net of accumulated depreciation and impairment	–	4,546	20,895	8,336	1,456	702	7,794	43,729
At 31 December 2021								
Cost	–	12,384	46,644	23,768	3,216	4,103	7,794	97,909
Accumulated depreciation and impairment	–	(7,838)	(25,749)	(15,432)	(1,760)	(3,401)	–	(54,180)
Net carrying amount	–	4,546	20,895	8,336	1,456	702	7,794	43,729

As at 31 December 2019, 31 December 2020 and 31 December 2021, the carrying amount of property, plant and equipment pledged as security for the Group's other loans amounted to RMB211,164,000, RMB298,504,000 and RMBNil respectively.

As at 31 December 2019, 31 December 2020 and 31 December 2021, the Group was still in the process of obtaining property ownership certificates for certain buildings with a net carrying amount of RMB282,575,000, RMB1,789,594,000 and RMB1,943,612,000.

As at 31 December 2019, 31 December 2020 and 31 December 2021, property, plant and equipment with carrying amounts of approximately RMB Nil, RMB70,405,000 and RMB1,003,207,000 was pledged as security for the Group's bank borrowings.

As at 31 December 2021, certain construction in progress with net carrying amount of RMB2,165,474,000 was constructed on two parcels of land which the Group was still in the process of obtaining the land certificates. The Group obtained the land certificates of the two land parcels in January 2022.

21. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
At 1 January 2019 upon adoption of IFRS 16	76,781	–	76,781
Additions	156,715	101,146	257,861
Acquisition of subsidiaries	181,754	–	181,754
Depreciation	(4,958)	(12,205)	(17,163)
At 31 December 2019 and 1 January 2020	410,292	88,941	499,233
Additions	129,259	16,743	146,002
Depreciation	(9,673)	(19,910)	(29,583)
Early termination of leases	–	(69,644)	(69,644)
At 31 December 2020 and 1 January 2021	529,878	16,130	546,008
Additions	267,869	21,297	289,166
Depreciation	(13,949)	(6,759)	(20,708)
Disposal of Subsidiaries	(171,092)	–	(171,092)
At 31 December 2021	612,706	30,668	643,374

The Company

	Leasehold lands *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
At 1 January 2019 upon adoption of IFRS 16	76,781	–	76,781
Depreciation	(1,628)	–	(1,628)
At 31 December 2019 and 1 January 2020	75,153	–	75,153
Additions	129,259	–	129,259
Depreciation	(1,970)	–	(1,970)
At 31 December 2020 and 1 January 2021	202,442	–	202,442
Transfer to subsidiaries	(202,550)	–	(202,550)
Additions	20,206	1,860	22,066
Depreciation	(2,216)	(155)	(2,371)
At 31 December 2021	17,882	1,705	19,587

The Group

	Year ended 31 December		
	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*
Depreciation expenses on right-of-use assets	17,163	29,583	20,708
Interest expense on lease liabilities (included in finance costs)	2,167	2,552	695
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative expenses)	866	7,788	[19,720]
Expenses relating to leases of low value assets (included in selling expenses and administrative expenses)	–	346	[2,982]

Details of total cash outflow for leases is set out in note 47(e).

During the Track Record Period, the Group leases various factories and office premise for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease contracts are entered into for fixed term of 3 year to 5 years. No extension options and termination options are included in the lease contracts.

22. GOODWILL

	RMB'000
Cost	
At 1 January 2019	–
Arising on acquisition of Luoyang Company *(note 47(a))*	140,097
At 31 December 2019, 1 January 2020, 31 December 2020, 1 January 2021	140,097
Disposal of controlling interest in Luoyang Company	(140,097)
At 31 December 2021	–
Accumulated impairment losses	
At 31 December 2019, 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	–
Carrying amount	
At 31 December 2019	140,097
At 31 December 2020	140,097
At 31 December 2021	–

Goodwill acquired in a business combination is allocated, at a acquisition, to the cash generating units that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to Luoyang Company.

In addition to goodwill, property, plant and equipment, right-of-use assets and intangible assets that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

The recoverable amounts of the CGU has been determined on the basis of its fair value less cost of disposal using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long term operation capacity of the CGU. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares Luoyang Company CGU cash flow forecasts derived from the most recent financial budgets approved by the Directors for the period up to year 2027 and with the residual period using growth rate of 0%. The rate used to discount the forecast cash flows is approximately 10.2%.

During the Track Record Period, the Group has no change in valuation technique for the estimation of Luoyang Company CGU's fair value less cost of disposal.

23. INTANGIBLE ASSETS

The Group

	Computer software *RMB'000*	Trademarks *RMB'000*	Patents *RMB'000*	Development costs *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2019	6,535	–	712,000	–	–	718,535
Additions – internal development	–	–	–	85,849	–	85,849
Additions – purchased	11,604	–	–	–	–	11,604
Acquisition of subsidiaries	8,061	19	202,171	–	–	210,251
Internal transfer	–	–	–	–	–	–
At 31 December 2019 and 1 January 2020	26,200	19	914,171	85,849	–	1,026,239
Additions – internal development	–	–	–	288,345	–	288,345
Additions – purchased	8,590	–	–	–	–	8,590
Internal transfer	–	–	11,321	(11,321)	–	–
At 31 December 2020 and 1 January 2021	34,790	19	925,492	362,873	–	1,323,174
Additions – internal development	–	–	55,138	93,345	–	148,483
Additions – purchased	52,943	–	–	–	2,250	55,193
Acquired from an associate	–	4	323,917	–	–	323,921
Disposal of subsidiaries	(11,879)	(19)	(202,171)	–	–	(214,069)
Internal transfer	–	–	258,119	(258,119)	–	–
At 31 December 2021	75,854	4	1,360,495	198,099	2,250	1,636,702
Accumulated depreciation and impairment						
At 1 January 2019	910	–	416,387	–	–	417,297
Charge for the year	2,256	2	54,469	–	–	56,727
At 31 December 2019 and 1 January 2020	3,166	2	470,856	–	–	474,024
Charge for the year	4,152	4	68,152	–	–	72,308
At 31 December 2020 and 1 January 2021	7,318	6	539,008	–	–	546,332
Charge for the year	7,019	3	76,221	–	188	83,431
Impairment for the year	–	–	15	–	–	15
Disposal of subsidiaries	(4,489)	(9)	(63,585)	–	–	(68,083)
At 31 December 2021	9,848	–	551,659	–	188	561,695
Carrying amount						
At 31 December 2019	23,034	17	443,315	85,849	–	552,215
At 31 December 2020	27,472	13	386,484	362,873	–	776,842
At 31 December 2021	66,006	4	808,836	198,099	2,062	1,075,007

Computer software were purchased by the Group and has finite useful life. The computer software is stated at cost less accumulated amortisation and any impairment losses, and is amortised on the straight-line basis over its estimated useful life of not more than 10 years.

Trademarks were acquired in a business combination and recognised at fair values at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over their estimated useful life of 10 years.

Patents have finite useful lives and is amortised on a straight-line basis over its estimated useful life of not more than 10 years.

Development costs are internally generated. The development costs mainly refer to the cost of staff for developing battery related technology, the cost of materials used, utilities fees and other costs. The estimated useful lives of these projects will be determined after completion based on the period of time to generate probable economic benefits. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 10 years. The development costs of relevant technology would be transferred to patents if they can be successfully patented.

The average remaining amortisation period (in years) for the Group's intangible assets at end of reporting periods are:

	At 31 December 2019 (years)	At 31 December 2020 (years)	At 31 December 2021 (years)
Computer software	7.8	7.8	8.6
Trademarks	4.4	3.4	3.5
Patents	6.3	5.5	7.1
Others	N/A	N/A	4.6

The Company

	Computer Software *RMB'000*	Trademark *RMB'000*	Patents *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2019	5,533	–	712,000	717,533
Additions	10,885	–	–	10,885
At 31 December 2019 and 1 January 2020	16,418	–	712,000	728,418
Additions	7,815	–	–	7,815
At 31 December 2020 and 1 January 2021	24,233	–	712,000	736,233
Additions	5,481	–	–	5,481
Acquired from an associate	–	4	323,917	323,921
Capital injection in subsidiaries	(6,552)	–	–	(6,552)
Transfer to subsidiaries	(358)	–	(712,000)	(712,358)
At 31 December 2021	22,804	4	323,917	346,725
Accumulated depreciation and impairment				
At 1 January 2019	775	–	416,387	417,162
Charge for the year	1,190	–	40,775	41,965
At 31 December 2019 and 1 January 2020	1,965	–	457,162	459,127
Charge for the year	2,157	–	40,774	42,931

	Computer Software *RMB'000*	Trademark *RMB'000*	Patents *RMB'000*	Total *RMB'000*
At 31 December 2020 and 1 January 2021	4,122	–	497,936	502,058
Charge for the year	2,633	–	23,360	25,993
Capital injection in subsidiaries	(926)	–	–	(926)
Transfer to subsidiaries	(197)	–	(518,323)	(518,520)
At 31 December 2021	5,632	–	2,973	8,605
Carrying amount				
At 31 December 2019	14,453	–	254,838	269,291
At 31 December 2020	20,111	–	214,064	234,175
At 31 December 2021	17,172	4	320,944	338,120

The average remaining amortisation period (in years) for the Company's intangible assets at end of reporting periods are:

	At 31 December 2019 (years)	At 31 December 2020 (years)	At 31 December 2021 (years)
Computer software	8.8	8.5	7.8
Trademarks	N/A	N/A	3.5
Patents	6.3	5.3	7.3

24. INVESTMENTS IN SUBSIDIARIES

The following table shows information on the subsidiary that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	**Luoyang Company As at 31 December**	
	2019	**2020**
Principal place of business/country of incorporation	PRC	PRC
% of ownership interests/voting rights held by NCI	26.64%/ 26.64%	26.64%/ 26.64%
	RMB'000	*RMB'000*
Non-current assets	2,311,244	2,445,299
Current assets	2,868,419	2,100,095
Non-current liabilities	(614,707)	(438,918)
Current liabilities	(2,814,836)	(2,445,153)
Net assets	1,750,120	1,661,323
Accumulated NCI	466,232	442,577

	For the period from 1 July to 31 December 2019	Year ended 31 December 2020
	RMB'000	*RMB'000*
Revenue	626,667	1,020,546
(Loss)/profit for the period/year	(120,072)	(88,159)
Total comprehensive expense	(119,954)	(88,795)
(Loss)/profit allocated to NCI	(31,987)	(23,485)
Net cash generated from operating activities	89,316	666,405
Net cash used in investing activities	(66,317)	(234,789)
Net cash (used in)/generated from financing activities	112,416	(496,916)
Net increase/(decrease) in cash and cash equivalents	135,415	(65,300)

25. INVESTMENTS IN ASSOCIATES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments:			
Share of net assets	46,801	52,768	657,416
Goodwill on acquisition	15,116	15,116	626,250
Less: Impairment loss – *note (c)*	–	–	(178,700)
	61,917	67,884	1,104,966

Particulars of the associates are as follows:

Name	Place of incorporation and operations	Particulars of paid up/registered capital		Percentage of ownership interest	Voting power	Profit sharing	Principal activities
滄州明珠鋰電隔膜有限公司 Cangzhou Mingzhu Lithium Battery Diaphragm Co., Ltd..* ("**Cangzhou Mingzhu**") – *note (b)*	The PRC	RMB118,400,000	As at 31 December				Manufacturing and sales of battery diaphragm
			2019:	10%	10%	10%	
			2020:	10%	10%	10%	
			2021:	N/A	N/A	N/A	
CALB USA INC. ("**CALB USA**")	The United States (the "USA")	US$100,000	As at 31 December				Sales of lithium-ion battery
			2019:	40%	40%	40%	
			2020:	40%	40%	40%	
			2021:	N/A	N/A	N/A	

Name	Place of incorporation and operations	Particulars of paid up/registered capital		Percentage of ownership interest	Voting power	Profit sharing	Principal activities
Luoyang Company – *note (c)*	The PRC	Registered capital of RMB990,867,000	As at 31 December				Design, research and development manufacturing and sales of EV battery for civil and military industrial use and ESS products
			2019:	N/A	N/A	N/A	
			2020:	N/A	N/A	N/A	
			2021:	49%	49%	49%	
上海泛能新材料科技有限公司 Shanghai Fanneng New Material Technology Co., Ltd.* ("**Shanghai Fanneng**")	The PRC	Paid-up capital of RMB4,846,000	As at 31 December				Development and consultancy services of lithium-ion battery
			2019:	25%	25%	25%	
			2020:	25%	25%	25%	
			2021:	N/A	N/A	N/A	
大陸凱博動力電源系統(常州)有限公司 Continental Kaibo Power System (Changzhou) Co., Ltd.*#	The PRC	Registered capital of RMB130,000,000	As at 31 December				Production and development of battery
			2019:	40%	40%	40%	
			2020:	40%	40%	40%	
			2021:	N/A	N/A	N/A	
凱博(海南)私募基金管理有限公司 Kaibo (Hainan) Private Equity Fund Management Co., Ltd.*	The PRC	Registered capital of RMB10,000,000	As at 31 December				Private equity fund management
			2019:	N/A	N/A	N/A	
			2020:	N/A	N/A	N/A	
			2021:	30%	30%	30%	
江蘇動力及儲能電池創新中心有限公司 Jiangsu Power and Energy Storage Battery Innovation Center Co., Ltd*	The PRC	Registered capital of RMB30,000,000	As at 31 December				Engineering and technical research and experimental development
			2019:	N/A	N/A	N/A	
			2020:	N/A	N/A	N/A	
			2021:	48%	48%	48%	

\# The associate was dissolved on 22 April 2021.

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

Notes:

(a) All of the above associates are accounted for using the equity method in the consolidated financial statements.

(b) The Group has less than 20% of equity interest in Cangzhou Mingzhu. With the Group's presence in the board of Cangzhou Mingzhu and participation in the financial and operating activities of this entity, the Group could exercise significant influence over Cangzhou Mingzhu. Accordingly, Cangzhou Mingzhu is accounted for as associate.

(c) The Group has disposed of 51% equity interests of Luoyang Company to Jincheng Technology on 8 November 2021 at the consideration of RMB1,530 million. Upon completion of the disposal, the Group lost its control over Luoyang Company and accounted for as an associate with 23.37% retained equity interests. A compensation of RMB397.8 million to Jincheng Technology was subsequently determined to be required and details are set out in note 47(b) and 52(d). In November 2021, the Company acquired 25.63% equity interest of Luoyang Company from non-controlling interest shareholders. As at 31 December 2021, the Group has 49% equity interests in Luoyang Company.

On 31 December 2021, Luoyang Company entered into entrusted processing framework agreement with the Company that had resulted in material change in the recoverable amount of Luoyang Company. As a result, the carrying amount of the 49% equity interests in Luoyang Company was determined to be impaired to its recoverable amount of RMB1,087.8 million with reference to the fair value of the net assets of Luoyang Company as at 31 December 2021. An impairment loss of RMB178.7 million was recognized in the year ended 31 December 2021

The following table shows information on the associates that are material to the Group. The summarised financial information presented is based on the audited financial statements or management accounts of the associates prepared based on the local accounting standards and further adjusted to comply with IFRSs by the Company's directors.

	Cangzhou Mingzhou		
	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	452,273	439,085	–
Current assets	89,645	118,233	–
Non-current liabilities	(60,961)	(81,671)	–
Current liabilities	(26,370)	(34,244)	–
Net assets	454,587	441,403	–

Reconciliation to the Group's interest in Changzhou Mingzhou:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Proportion of the ownership	10%	10%	–
Group's share of net assets	45,459	44,140	–
Goodwill on acquisition	6,824	6,824	–
Carrying amount of the investment	52,283	50,964	–

	For the period from 1 July to 31 December 2019	**Year ended 31 December 2020**	**For the period from 1 January to 7 November 2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	27,800	115,116	246,754
(Loss)/profit from operations	(33,807)	(13,185)	79,219
Other comprehensive income/(expense)	–	–	–
Total comprehensive (expense)/income	(33,807)	(13,185)	79,219
Dividend income from associates	–	–	–

	CALB USA As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	485	92	–
Current assets	63,817	34,876	–
Non-current liabilities	–	–	–
Current liabilities	(45,265)	(11,858)	–
Net assets	19,037	23,110	–

Reconciliation to the Group's interest in CALB USA:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Proportion of the ownership	40%	40%	–
Group's share of net assets	7,615	9,244	–
Unrealised profit	(6,273)	(616)	–
Goodwill on acquisition	8,292	8,292	–
Carrying amount of the investment	9,634	16,920	–

	For the period from 1 July to 31 December 2019	**Year ended 31 December 2020**	**For the period from 1 January to 7 November 2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	58,611	96,120	79,021
(Loss)/profit from operations	(1,504)	5,664	6,045
Other comprehensive income/(expense)	295	(1,591)	(412)
Total comprehensive (expense)/income	(1,209)	4,073	5,633
Dividend income from associates	–	–	–

	Luoyang Company As at 31 December 2021
	RMB'000
Non-current assets	2,549,681
Current assets	2,617,963
Non-current liabilities	(234,088)
Current liabilities	(3,339,103)
Net assets	1,594,453

Reconciliation to the Group's interest in Luoyang Company:

	2021
	RMB'000
Proportion of the ownership	49%
Group's share of net assets	781,282
Unrealised profit	(155,142)
Financial guarantees	14,110
Goodwill on acquisition	626,250
Impairment	(178,700)
Carrying amount of the investment	1,087,800

	For the period from 8 November to 31 December 2021
	RMB'000
Revenue	527,544
Profit from operations	239,726
Other comprehensive expense	(40)
Total comprehensive income	239,686
Dividend income from associates	–

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amounts of interests	–	–	17,166

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year, net	(4,794)	(432)	(335)
Other comprehensive income	–	–	–
Total comprehensive income	**(4,794)**	**(432)**	**(335)**

The Group has not recognised loss for the year ended 31 December 2019, 2020 and 2021 amounting to approximately RMB61,000, RMB121,000 and RMB101,000 respectively. The accumulated losses not recognised were approximately RMB160,000, RMB281,000 and RMBNil respectively as at 31 December 2019, 2020 and 2021.

As at 31 December 2019, 2020 and 2021, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to RMB185,000, RMB2,646,000 and RMB651,798,000 respectively. Conversion of the mentioned balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

26. INVESTMENTS IN JOINT VENTURES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments in the PRC:			
Share of net assets	–	–	–

Details of the Group's joint venture using equity method are as follows:

Name	Place and date of establishments	Registered capital	Percentage of equity interest attributable to the Group during Track Record Period	Principal activities
上海央邁動力技術有限公司 ("**Shanghai Yangmai**") CADMA Drivetrain Tec Co., Ltd.*	PRC 6 August 2015	RMB10,000,000	As at 31 December 2019 and 2020: 51% As at 31 December 2021: N/A	Development and wholesale of battery and car accessories

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

The following table shows, in aggregate, the Group's share of the amounts of the joint venture that are accounted for using the equity method in the Historical Financial Information.

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amounts of interest	–	–	–

	For the period from 1 July to 31 December 2019	Year ended 31 December 2020	For the period 1 January to 7 November 2021
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) for the year/period, net	(11)	(369)	–
Other comprehensive income	–	–	–
Total comprehensive income	**(11)**	**(369)**	**–**

The Group has not recognised loss for the year ended 31 December 2019, 31 December 2020 and 31 December 2021 amounting to approximately RMB11,000, RMB369,000 and RMBNil respectively. The accumulated losses not recognised were approximately RMB1,079,000, RMB1,448,000 and RMBNil respectively as at 31 December 2019, 31 December 2020 and 31 December 2021.

As at 31 December 2019, 31 December 2020 and 31 December 2021, the bank and cash balances of the Group's Joint venture in the PRC denominated in RMB amounted to RMB200,000, RMB13,000 and RMBNil respectively. Conversion of the mentioned balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. INVENTORIES

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	129,560	214,860	1,079,889
Work in progress	432,481	193,861	192,848
Finished goods	744,665	351,605	484,047
Goods in transit	2,521	–	–
	1,309,227	760,326	1,756,784

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	72,607	130,963	–
Work in progress	159,934	38,795	–
Finished goods	303,810	110,489	–
Goods in transit	2,521	–	–
	538,872	280,247	–

28. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Receivables from third parties	570,125	1,023,314	1,477,522
Due from related parties *(note 30)*	26,674	11,210	666,037
Allowance for doubtful debts	(96,641)	(119,614)	(37,191)
	500,158	914,910	2,106,368
Bills receivables	641,723	331,409	608,336
	1,141,881	1,246,319	2,714,704

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Receivables from third parties	75,426	334,487	1,297,230
Due from related parties *(note 30)*	1,063,038	707,362	4,519,424
Allowance for doubtful debts	(23,662)	(23,662)	(26,540)
	1,114,802	1,018,187	5,790,114
Bills receivables	2,230	12,227	499,041
	1,117,032	1,030,414	6,289,155

The credit terms, being granted to independent third parties, are generally within 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

All the trade and bills receivables for the Track Record Period are denominated in RMB.

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
0 to 180 days	354,922	772,707	2,077,688
181 to 365 days	32,875	76,620	7,559
1 – 2 years	92,450	27,743	21,121
Over 2 years	19,911	37,840	–
	500,158	914,910	2,106,368

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
0 to 180 days	975,283	1,018,187	5,758,919
181 to 365 days	139,519	–	10,074
1-2 years	–	–	21,121
	1,114,802	1,018,187	5,790,114

Reconciliation of allowance for trade receivables:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	2,496	96,641	119,614
Acquisition of subsidiaries	58,843	–	–
Allowance for the year, net	35,418	23,351	26,600
Amounts written off during the year	(116)	(378)	–
Disposal of subsidiaries	–	–	(109,023)
At 31 December	96,641	119,614	37,191

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	2,496	23,662	23,662
Allowance for the year	21,166	–	2,878
At 31 December	23,662	23,662	26,540

As at 31 December 2019, 31 December 2020 and 31 December 2021, the fair values of trade and bills receivables of the Group approximated to their carrying amounts.

Bills receivables represent short-term bank acceptance bills receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 12 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable. The Group from time to time endorses bills receivable to suppliers in order to settle trade payables.

As at 31 December 2019, 31 December 2020 and 31 December 2021, the Group endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than 12 months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable. As at 31 December 2019, 31 December 2020 and 31 December 2021, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB93,865,000, RMB25,131,000 and RMB111,950,000 respectively.

As at 31 December 2019, 31 December 2020 and 31 December 2021, bills receivable of RMB326,140,000, RMB40,423,000 and RMB Nil were discounted to banks or other financial institutions with recourse, where substantially the risks and rewards of ownership had not been transferred respectively. Since the Group has continuing involvement in the transferred assets, these discounted bills receivable were therefore not derecognised.

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	1,104,635	1,226,195	2,707,451
US$	37,015	20,124	7,120
EUR	231	–	133
	1,141,881	1,246,319	2,714,704

The Company's trade and bills receivables are denominated in RMB.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Deposits paid for acquisition of property, plant and equipment *(note)*	252,455	484,181	1,675,984
Prepayments	54,833	48,659	571,998
Other tax receivables	395,541	542,868	1,042,216
Government subsidies receivable	71,571	–	–
Other deposits	4,343	4,657	28,176
Other receivables	7,792	32,437	3,359
	786,535	1,112,802	3,321,733
Analysed as:			
Non-current assets	252,455	484,181	1,675,984
Current assets	534,080	628,621	1,645,749
	786,535	1,112,802	3,321,733

Note: As at 31 December 2019, 31 December 2020 and 31 December 2021, deposit of RMB Nil, RMB24,000,000 and RMB24,000,000 respectively were paid to Dongli New Energy Technology, a subsidiary of a shareholder of the Company, for purchasing property, plant and equipment. The amounts were non-trade in nature, unsecured, interest free and non-refundable.

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Deposits paid for acquisition of property, plant and equipment	185,828	145,324	182,107
Prepayments	49,631	20,010	142,659
Other tax receivables	314,611	349,067	175,737
Other receivables	6,789	4,990	7,512
	556,859	519,391	508,015
Analysed as:			
Non-current assets	185,828	145,324	182,107
Current assets	371,031	374,067	325,908
	556,859	519,391	508,015

Reconciliation of allowances for prepayments, deposits and other receivables:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	1,215	5,446	6,727
Acquisition of subsidiaries	2,572	–	–
Disposal of subsidiaries	–	–	(2,730)
Allowance for the year	1,659	1,281	682
At 31 December	5,446	6,727	4,679

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	1,215	2,043	3,570
Allowance for the year	828	1,527	1,049
At 31 December	2,043	3,570	4,619

The carrying amounts of the Group's and the Company prepayments, deposits and other receivables are denominated in the following currencies:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	783,640	1,111,892	3,321,128
US$	2,895	910	605
	786,535	1,112,802	3,321,733

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	553,964	519,380	507,411
US$	2,895	11	604
	556,859	519,391	508,015

30. BALANCES WITH RELATED PARTIES

The Group

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Trade receivables				
– CALB USA	*(v)*	26,674	11,210	–
– Luoyang Company		–	–	666,037
	28	26,674	11,210	666,037
Allowance for doubtful debts		–	–	(10,783)
		26,674	11,210	655,254
Deposits paid for acquisition of property, plant and equipment				
Non-trade related:				
– Dongli New Energy Technology	*29*	–	24,000	24,000
Amounts due from related parties				
Trade-related:				
– Luoyang Company	*(vii)*	–	–	813,073
Non-trade related				
– CALB USA		3,666	–	–
– Luoyang Company		–	–	132,278
– Shanghai Yangmai	*(v)*	29	3,550	–
– Huake Engineering	*(iii)*	3,022	2,219	381
– Jincheng Technology		–	–	979,200
		6,717	5,769	1,924,932

	Note	As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
Trade payables				
– Luoyang Company	33	–	–	203,526
Loan from a subsidiary of a shareholder				
Current – Unsecured and repayable within one year				
– Jinsha Capital Management	*(iv)*	45,907	–	–
Loan from a shareholder				
Non current – Unsecured and repayable after one year				
– Jinsha Investment	*(iv)*	650,260	–	–
		696,167	–	–
Amounts due to related parties				
Trade related:				
– Shanghai Yangmai	*(v)*	4,700	4,700	–
Non-trade related:				
– Luoyang Company		–	–	12,890
– Huake Engineering		173	24,558	160
– Jiangsu Chengdong Construction		–	–	9,814
		4,873	29,258	22,864
Total amounts due to related parties		701,040	29,258	22,864
Less: Amounts due to related parties – current portion		(50,780)	(29,258)	(22,864)
Total amount due to related parties – non-current portion		650,260	–	–

The Company

	Note	As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
Trade receivables				
– Xiamen Company		–	2,102	553
– Luoyang Company		1,053,804	652,108	258
– Jiangsu Research Institute		9,234	53,152	173,185
– Jiangsu Company		–	–	4,345,428
	28	1,063,038	707,362	4,519,424

	Note	As at 31 December 2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties				
Trade-related:				
– Luoyang Company	*(vii)*	–	250,000	813,073
– Jiangsu Reearch Institute		–	58,469	175,465
Non-trade related				
– Xiamen Company		246,960	48,557	–
– Luoyang Company		–	62,291	104,028
– Jiangsu Research Institute		4,585	21,610	109,541
– Jiangsu Company		–	–	2,441,421
– Huake Engineering		746	369	369
– Jincheng Technology		–	–	979,200
		252,291	441,296	4,623,097
Trade payables				
– Luoyang Company		9,217	–	122,098
– Xiamen Company		–	1,262,632	3,575,304
– Jiangsu Research Institute		–	7,880	21,390
– Jiangsu Company		–	–	1,389,278
	33	9,217	1,270,512	5,108,070
Loan from a shareholder				
Non current – Unsecured and repayable after one year				
– Jinsha Investment	*(iv)*	650,260	–	–
Amounts due to related parties				
Non-trade related:				
– Luoyang Company		300,697	–	4
– Huake Engineering		–	316	160
– Xiamen Company		–	13	–
– Jiangsu Research Institute		–	–	3
– Jiangsu Company		–	–	191,289
– Jiangsu Chengdong Construction		–	–	45
		300,697	329	191,501
Total amounts due to related parties		950,957	329	191,501
Less: Amounts due to related parties – current portion		(300,697)	(329)	(191,501)
Total amount due to related parties – non-current portion		650,260	–	–

Notes:

(i) The trade-related outstanding balances with related parties are unsecured, non-interest bearing and repayable within credit term 180 days.

(ii) The non-trade related balances with related parties are unsecured, non-interest bearing and repayables on demand.

(iii) As at 31 December 2019, 2020 and 2021, allowance of RMB122,000, RMB428,000 and RMB155,000 were made respectively for estimated irrecoverable amount due from Huake Engineering during the Track Record Period.

(iv) The loan balances due from Jinsha Capital Management and Jinsha Investment, which bear interest ranged from 1.2% to 7.8% per annum, were repayable within one year and in March 2031 respectively. As set out in note 47(c), the loan from Jinsha Investment was converted into paid-in capital of the Company during the year ended 31 December 2020.

(v) The entities were no longer recognised as an associate or a joint venture of the Group after the Company disposed 51% of equity interest in Luoyang Company, a company directly held the equity interests in both entities, in November 2021.

(vi) No allowances were made for the amount due from a joint venture during the Track Record Period.

(vii) The balance represents the prepayment for the purchase of goods in accordance with the contractual term.

31. OTHER FINANCIAL ASSETS

(a) Financial assets at FVTPL

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Included in current assets:			
Investment in wealth management products, at fair value *(i)*	89,726	–	–
Investments in structured products, at fair value *(ii)*	–	1,002,420	3,713,705
	89,726	1,002,420	3,713,705

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Included in current assets:			
Investments in structured products, at fair value *(ii)*	–	1,002,420	3,713,705

(i) The Group invested in wealth management product offered by bank in the PRC. The principals of investment were not guaranteed by the bank under normal circumstances. The wealth management products offer variable returns ranged from 2.5% p.a. to 3.3% p.a..

(ii) The Group invested in certain short term structured products offered by bank in the PRC. The principals of investment were guaranteed by the bank under normal circumstances (except for forced majeure situations). The structured products offer variable returns ranged from 0.8% p.a. to 3.3% p.a. which depends on the settlement price of gold, market price of certain listed funds, ETF, index and exchange rate of foreign currency, at the end of the investment period of the structured products.

The fair value of the wealth management product and the commodity linked structured products are based on the principals plus accrued returns estimated by the expected average returns on those contracts.

The carrying amount of the above financial assets are mandatorily measured at FVTPL in accordance with IFRS 9.

The Group's and the Company's financial assets at FVTPL are denominated in RMB.

(b) Financial assets at FVTOCI

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Included in current assets:			
Certificate of deposit	–	1,601,269	2,468,870

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Included in current assets:			
Certificate of deposit	–	1,601,269	2,468,870

The Group invested in "3-year certificate of deposit" offered by bank in the PRC with the terms that the Group could not withdraw the deposits in advance but could sell them to others. The annual interest rates are fixed in the rage of 3.15% p.a. to 3.79% p.a.. As the Group manage the above financial product with the objective of both the collection of contractual cash flows and sale, it was recognised as financial assets at FVTOCI in the consolidated financial statements.

The Group's and the Company's financial assets at FVTOCI are denominated in RMB.

32. PLEDGED BANK DEPOSITS, RESTRICTED BANK BALANCES AND BANK AND CASH BALANCES

(a) Pledged bank deposits

The Group's pledged bank deposits represented deposits pledged to banks for issuance of bank acceptance bills, letter of credit and [performance bonds]. The amount was denominated in RMB.

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(b) Restricted bank balances

The Group's restricted bank balances represented bank balances restricted for construction of lithium-ion battery manufacturing plant. The amount was denominated in RMB.

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(c) Bank and cash balances

Bank and cash balances of the Group deposited with banks in the PRC are denominated in the following currencies:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	351,227	1,620,162	3,086,563
US$	50,325	72,030	17,861
CHF	42,815	–	–
EUR	862	1,092	5,094
	445,229	1,693,284	3,109,518

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	150,770	866,452	1,643,766
US$	–	965	17,861
EUR	–	–	4,959
	150,770	867,417	1,666,586

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

33. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
Payables to third parties	906,987	1,272,789	3,241,652
Due to related parties *(note 30)*	–	–	203,526
Bills payables	1,129,992	1,383,929	2,871,688
	2,036,979	2,656,718	6,316,866

As at 31 December 2019, 31 December 2020 and 31 December 2021, bills payables were secured by bills receivables of RMB203,130,000, RMB172,114,000 and RMB476,004,000 respectively.

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
Payables to third parties	538,159	237,717	493,778
Due to related parties *(note 30)*	9,217	1,270,512	5,108,070
Bills payables	854,105	517,751	943,200
	1,401,481	2,025,980	6,545,048

The aging analysis of trade payables, based on the date of receipt of goods is as follows:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
0 to 180 days	859,219	1,234,387	3,439,948
181 – 365 days	34,320	17,712	976
1 – 2 years	12,089	10,579	654
Over 2 years	1,359	10,111	3,600
	906,987	1,272,789	3,445,178

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
0 to 180 days	527,956	1,497,390	5,596,668
181 – 365 days	18,057	3,147	926
1 – 2 years	1,360	6,424	654
Over 2 years	3	1,268	3,600
	547,376	1,508,229	5,601,848

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	2,036,529	2,656,718	6,314,271
US$	450	–	2,595
	2,036,979	2,656,718	6,316,866

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	1,401,031	2,025,980	6,542,543
US$	450	–	2,505
	1,401,481	2,025,980	6,545,048

34. ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Deposits received	19,086	42,530	82,074
Accrued salaries	113,379	150,768	139,657
Accrued expenses	11,711	17,975	142,838
Fund advanced from government-related entity *(note)*	–	500,000	500,000
Payable for property, plant and equipment	468,923	736,564	1,207,095
Other tax payables	8,504	24,626	21,406
Other payables	23,827	38,171	25,709
	645,430	1,510,634	2,118,779

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Deposits received	10,775	27,192	24,036
Accrued salaries	49,571	78,569	42,659
Accrued expenses	2,288	6,085	5,697
Payable for property, plant and equipment	335,872	520,858	1,579
Other tax payables	3,289	5,805	6,105
Other payables	3	1,817	15,428
	401,798	640,326	95,504

Note: Finance Bureau of Xiamen City ultimately controlled certain shareholders of the Company and has significant influence over the Group. During the year ended 31 December 2020 and 2021, the Group received certain funds from the Xiamen City government-related entity. As at 31 December 2021, the funds of RMB1,000 million were recognised as government grant and transferred to deferred income. The remaining funds of RMB500 million have not yet been recognised as government grant as at respective end of reporting period as the Group has not yet received the official confirmation of meeting the conditions attaching to the grant.

The carrying amounts of the Group's accruals and other payables are denominated in the following currencies:

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	644,742	1,500,835	2,098,449
US$	688	–	–
JPY	–	9,799	20,330
	645,430	1,510,634	2,118,779

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
RMB	401,798	640,326	95,504

35. CONTRACT LIABILITIES

Contract liabilities are mainly advance payments from customers. The amounts are expected to be recognised as revenue within 1 year from the end of the respective reporting period.

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance obligation – arising from sales of products	26,585	32,014	106,918

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance obligation – arising from sales of products	65	8	106,031

Movements in contract liabilities:

The Group

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of year	–	26,585	32,014
Acquisition of subsidiaries	40,812	–	–
Increase in contract liabilities as a result of billing in advance of battery sales	26,585	32,014	106,918
Decrease in contract liabilities as a result of recognising revenue during the year	(40,812)	(26,585)	(32,014)
Balance at end of year	26,585	32,014	106,918

The Company

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Balance at beginning of year	–	65	8
Increase in contract liabilities as a result of billing in advance of battery sales	65	8	106,031
Decrease in contract liabilities as a result of recognising revenue during the year	–	(65)	(8)
Balance at end of year	65	8	106,031

36. DEFERRED INCOME

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Government subsidies	249,656	217,774	914,108
Analysed as:			
Non-current liabilities	249,656	217,774	914,108

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Government subsidies	7,281	8,290	9,958
Analysed as:			
Non-current liabilities	7,281	8,290	9,958

The movements in deferred income related to government grants and subsidies during the Track Record Period are as follows:

The Group

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	95,691	249,656	217,774
Received	10,559	6,924	9,568
Transferred from other payables	–	–	1,000,000
Acquisition of subsidiaries	168,552	–	–
Released to profit or loss	(25,146)	(38,806)	(205,309)
Disposal of subsidiaries	–	–	(107,925)
At 31 December	249,656	217,774	914,108

The Company

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	5,622	7,281	8,290
Received	2,620	2,140	3,109
Released to profit or loss	(961)	(1,131)	(1,441)
At 31 December	7,281	8,290	9,958

Various government grants have been received for basic research and development activities. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. A certain grant received relates to an asset is also credited to deferred income and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

37. LEASE LIABILITIES

The Group

	Minimum lease payments As at 31 December			Present value of minimum lease payments As at 31 December		
	2019	**2020**	**2021**	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	23,650	5,872	12,221	22,230	5,346	11,042
In the second to fifth years, inclusive	74,044	5,872	16,449	69,511	5,612	15,709
	97,694	11,744	28,670	91,741	10,958	26,751
Less: Future finance charges	(5,953)	(786)	(1,919)	N/A	N/A	N/A
Present value of lease obligations	91,741	10,958	26,751	91,741	10,958	26,751

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 December			As at 31 December		
	2019	2020	2021	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Less: Amount due for settlement within 12 months (shown under current liabilities)				(22,230)	(5,346)	(11,042)
Amount due for settlement after 12 months				69,511	5,612	15,709

The weighted average incremental borrowing rates applied to lease liabilities:

	As at 31 December		
	2019	2020	2021
	%	%	%
Range from	4.75	4.75	4.75

The Group's lease liabilities are denominated in RMB.

The Company

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 December			As at 31 December		
	2019	2020	2021	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	629	–	–	554
In the second to fifth years, inclusive	–	–	1,319	–	–	1,264
	–	–	1,948	–	–	1,818
Less: Future finance charges	–	–	(130)	N/A	N/A	N/A
Present value of lease obligations	–	–	1,818	–	–	1,818
Less: Amount due for settlement within 12 months (shown under current liabilities)				–	–	(554)
Amount due for settlement after 12 months				–	–	1,264

The weighted average incremental borrowing rates applied to lease liabilities:

	As at 31 December		
	2019	**2020**	**2021**
	%	%	%
Range from	–	–	4.75

The Company's lease liabilities are denominated in RMB.

38. BORROWINGS

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowing	875,829	827,459	2,890,647

The borrowings are repayable as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	626,810	687,459	3,647
More than one year, but not exceeding two years	249,019	10,000	240,469
More than two years, but not more than five years	–	130,000	1,713,390
More than five years	–	–	933,141
	875,829	827,459	2,890,647
Less: Amount due for settlement within 12 months (shown under current liabilities)	(626,810)	(687,459)	(3,647)
Amount due for settlement after 12 months	249,019	140,000	2,887,000

The carrying amounts of the Group's borrowings are denominated in the RMB.

The average interest rates at 31 December were as follows:

	As at 31 December		
	2019	**2020**	**2021**
	%	%	%
Bank borrowing	4.89	4.44	4.41

The following bank loans are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Arranged at fixed interest rates	–	386,794	–

As at 31 December 2021, bank loans of RMB2,887,000,000 (31 December 2020: N/A, 2019: N/A), are secured by the Group's property, plant and equipment of RMB1,003,207,000 (Note 20) and right-of-use assets of RMB167,356,000 (note 21).

Certain banking facilities of Luoyang Company are subject to the fulfilment of covenants relating to the subsidiary's financial position, performance and results. If Luoyang Company was to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors Luoyang Company's compliance with these covenants. As at 31 December 2019, 2020 and 7 November 2021, none of the covenants relating to banking facilities had been breached.

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowing	–	–	1,088,291

The borrowings are repayable as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	–	–	1,291
More than one year, but not more than two years	–	–	40,469
More than two years, but not more than five years	–	–	413,390
More than five years	–	–	633,141
	–	–	1,088,291
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	–	(1,291)
Amount due for settlement after 12 months	–	–	1,087,000

As at 31 December 2021, bank loans of RMB1,087,000,000 (31 December 2020: N/A, 2019: N/A), are secured by a subsidiary's right-of-use assets of RMB17,954,000 (note 21).

39. OTHER LOANS

	Note	As at 31 December		
		2019	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
	Note			
AVIC International Leasing Co., Ltd.* 中航國際租賃有限公司	*(i)*	200,897	273,546	–
Aviation Industry Corporation of China, Ltd.* 中國航空工業集團有限公司	*(ii)*	138,549	–	–
		339,446	273,546	–

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

The other loans are repayable as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Within one year	175,711	60,564	–
More than one year, but not exceeding two years	38,043	63,287	–
More than two years, but not more than five years	125,692	149,695	–
	339,446	273,546	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	(175,711)	(60,564)	–
Amount due for settlement after 12 months	163,735	212,982	–

(i) The loans were denominated in RMB, secured by a charge over the Group's machinery (note 20), interest bearing at 4.82% per annum, and principal of RMB320,000,000 will be repayable by instalments of each quarterly from 2020 to 2025.

(ii) The purpose of the loan was solely for the construction of lithium-ion battery manufacturing plant.

The loan was denominated in RMB, unsecured, interest bearing at 1.08% per annum and repayable before 20 November 2020.

40. PROVISIONS

The Group

	Warranties
	RMB'000
At 1 January 2019	7,057
Addition provisions	32,072
Acquisition of subsidiaries	15,326
Provisions used	(5,780)
At 31 December 2019 and 1 January 2020	48,675
Addition provisions	61,487
Provisions used	(25,335)
At 31 December 2020 and 1 January 2021	84,827
Addition provisions	127,205
Disposal of subsidiaries	(59,768)
Provisions used	(15,868)
At 31 December 2021	136,396

The Company

	Warranties
	RMB'000
At 1 January 2019	7,057
Addition provisions	19,698
Provisions used	(3,731)
At 31 December 2019 and 1 January 2020	23,024
Addition provisions	35,875
Provisions used	(20,059)
At 31 December 2020 and 1 January 2021	38,840
Addition provisions	50,952
Provisions used	(9,025)
At 31 December 2021	80,767

A provision for warranties is recognised when the underlying products are sold. Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within predominantly 3 to 8 years from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

41. DEFERRED TAX

The Group

Deferred tax liabilities

	Revaluation of assets	**Fair value change of financial assets at FVTPL**	**Accelerated tax depreciation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	–	–	5,761	5,761
Acquisition of subsidiaries	49,875	–	–	49,875
(Credit)/charge to profit or loss for the year *(note 14)*	(2,599)	181	(557)	(2,975)
At 31 December 2019 and 1 January 2020	47,276	181	5,204	52,661
(Credit)/charge to profit or loss for the year *(note 14)*	(4,202)	181	(551)	(4,572)
At 31 December 2020 and 1 January 2021	43,074	362	4,653	48,089
Disposal of subsidiaries	(39,452)	–	–	(39,452)
(Credit)/charge to profit or loss for the year *(note 14)*	(3,622)	1,693	(551)	(2,480)
At 31 December 2021	–	2,055	4,102	6,157

Deferred tax assets

	Tax losses	Allowance on inventory	Allowance on trade receivables	Deferred revenue	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	71,171	5,572	374	14,353	3,110	94,580
Acquisition of subsidiaries	–	21,004	8,687	15,435	9,977	55,103
(Charge)/credit to profit or loss for the year *(note 14)*	(479)	14,493	5,420	(1,487)	7,190	25,137
At 31 December 2019 and 1 January 2020	70,692	41,069	14,481	28,301	20,277	174,820
(Charge)/credit to profit or loss for the year *(note 14)*	(4,164)	(30,502)	3,460	(3,537)	7,546	(27,197)
At 31 December 2020 and 1 January 2021	66,528	10,567	17,941	24,764	27,823	147,623
Disposal of subsidiaries	–	(6,107)	(16,251)	(9,613)	(19,094)	(51,065)
(Charge)/credit to profit or loss for the year *(note 14)*	2,898	2,729	4,967	203,943	51,442	265,979
At 31 December 2021	69,426	7,189	6,657	219,094	60,171	362,537

As at 31 December 2019, 31 December 2020 and 31 December 2021, deferred tax assets of RMB70,692,000, RMB66,528,000 and RMB69,426,000 respectively, were recognised in respect of unused tax losses of RMB464,159,000, RMB423,556,000 and RMB317,717,000 respectively. According to financial forecast, the Directors have exercised their judgement to assess that there will be sufficient future taxable profits available to offset against the unused tax losses. These tax losses at end of each year or period are expected to expire in 2024 to 2029 for 31 December 2019, 2024 to 2030 for 31 December 2020 and 2024 to 2031 for 31 December 2021.

No deferred tax asset has been recognised in respect of tax losses amounted to RMB451,650,000, RMB782,429,000 and RMB480,896,000 as at 31 December 2019, 31 December 2020 and 31 December 2021 respectively due to the unpredictability of future profit streams.

The Company

Deferred tax liabilities

	Fair value change of financial assets at FVTPL
	RMB'000
At 1 January 2019	–
Charge to profit or loss for the year	–
At 31 December 2019 and 1 January 2020	–
Charge to profit or loss for the year	363
At 31 December 2020 and 1 January 2021	363
Charge to profit or loss for the year	1,693
At 31 December 2021	2,056

Deferred tax assets

	Tax losses	**Allowance on inventory**	**Allowance on trade receivables**	**Deferred revenue**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	71,171	5,572	374	843	3,110	81,070
(Charge)/credit to profit of loss for the year	(3,149)	4,341	3,175	249	4,015	8,631
At 31 December 2019 and 1 January 2020	68,022	9,913	3,549	1,092	7,125	89,701
(Charge)/credit to profit or loss for the year	(8,980)	(9,032)	–	152	5,669	(12,191)
At 31 December 2020 and 1 January 2021	59,042	881	3,549	1,244	12,794	77,510
(Charge)/credit to profit or loss for the year	(44,712)	(881)	432	250	33,454	(11,457)
At 31 December 2021	14,330	–	3,981	1,494	46,248	66,053

42. FINANCIAL GUARANTEES

The Company has provided guarantees in respect of bank loans and banking facilities granted to the Company's subsidiaries and associate. Pursuant to the terms of guarantees, if there are any defaults on the loans or similar balances, the Company is responsible to repay the outstanding principal together with accrued interests and other costs owed by the defaulting subsidiaries to the banks.

The maximum potential liability of the Company at 31 December 2019, 2020 and 2021 under the financial guarantees are the amount of bank loans drawn and other banking facilities utilised by the subsidiaries and associate under the guarantees at that date of RMB200,897,000, RMB587,126,000 and RMB500,000,000 respectively.

The maximum potential liability of the Group at 31 December 2021 under the financial guarantee in respect of bank loan granted to an associate was RMB140,000,000.

43. PUT OPTION LIABILITIES

	The Group and the Company for the year ended 31 December 2021
	RMB'000
At 1 January 2021	–
Issue of puttable equity of subsidiaries – *Note*	926,620
Changes in fair value during the year	14,512
At 31 December 2021	941,132

	The Group and the Company At 31 December 2021 *RMB'000*
Analysed as:	
Current liabilities	941,132
Non-current liabilities	–
At 31 December 2021	941,132

During the year ended 31 December 2021, the Company has signed investment agreements containing put options ("**Written Put Option(s)**") with non-controlling interest shareholders of the Company's subsidiaries namely, Chengdu Company, Wuhan Company and Hefei Company. The Written Puttable Options give the non-controlling interest shareholders the right to demand that the Company repurchase the equity interests of the subsidiaries held by the non-controlling shareholders within specified periods at the put option exercise prices.

The Company has presented the Written Put Options as financial liabilities (i.e. put-option liabilities) with a corresponding debit entry to equity under reserve relating to the Written Puttable Options. According to the investment agreements, if the Company completes a listing of the Company's shares on any domestic or foreign stock exchange, the Written Puttable Options will lapse automatically and at that time the related liabilities would be transferred to equity of the Company.

Terms of the Written Put Options and the amounts injected from non-controlling interest shareholders up to 31 December 2021 are set out below:

Subsidiary	Last day of exercise	Repurchase amounts	Amounts injected by non-controlling interest shareholders up to 31 December 2021 *RMB'000*
Chengdu Company	29 May 2028	The higher of (i) value of equity interest held by non-controlling shareholder as determined by qualified professional valuer and (ii) investment principal paid by non-controlling interest shareholder	175,635
Wuhan Company	15 July 2026	To be determined with reference to valuation assessment of relevant government regulating agency	481,799
Hefei Company	25 September 2028	The highest of (i) the value of equity interest held by non-controlling shareholder as determined by qualified professional valuer and (ii) investment principal paid by non-controlling interest shareholder plus 6% p.a. simple interest	283,698
			941,132

Note: The fair value of redemption amounts are estimated by the Directors using the amounts injected by non-controlling shareholders of Chengdu Company, Wuhan Company and Hefei Company, the internal rate of return ("**IRR**") of respective underlying projects and assuming the non-controlling interest shareholders will exercise the Written Put Options at end of the respective exercisable period. The Directors are of the opinion that the IRR used in the feasibility study of the underlying projects undertaken by Chengdu Company, Wuhan Company and Hefei Company are the best estimate for the purpose of estimating the future redemption amounts payable by the Company. The IRR is ranged approximately from 12% to 13%. When measuring the financial liabilities of the Company and the Group for the Written Put Options, the Company's discount rate of approximately 10.3% is used.

44. SHARE-BASED PAYMENTS

During the year ended 31 December 2019, the Company approved and adopted a share incentive scheme ("**2019 Share Incentive Scheme**") involving 6 senior management, namely, Ms. Liu Jingyu, Dr. Pan Fangfang, Mr. Dai Ying, Mr. Geng Yan'an, Mr. Wang Xiaoqiang and Mr. He Fan (collectively, the "**Six Senior Management**". The purposes of the 2019 Share Incentive Scheme are to retain and incentivise the Six Senior Management in relation to operation targets of a subsidiary, Xiamen Company.

The Six Senior Management have formed a limited company, Xiamen Lihang Equity Investment ("**Share Incentive Vehicle**"). A limited partnership company, Lihang Jinzhi ("**Partnership**") was formed, and the Share Incentive Vehicle and a related entity of a government shareholder of the Company ("**Jinyuan Industry**") were required to contribute RMB10 million and RMB1,500 million, respectively to the Partnership. After that, the Partnership has subscribed for registered capital of the Company.

The Partnership has a prescribed operation period of 10 years, and all investment proceeds of it (after deducting expenses and tax), including all distribution, interest and dividend from the Company will be distributed to the Share Incentive Vehicle and the Jinyuan Industry in the following manner:

(a) Distribute to the Share Incentive Vehicle and the Jinyuan Industry proportionally to their capital contribution of the Partnership until they fully recover their capital contributions to it;

(b) Any investment proceeds in excess of (a) above will be firstly distributed to the Jinyuan Industry in an amount that represent 6% annual return to its capital contribution to the Partnership;

(c) 2 years after all legal and regulatory requirements for freely disposing the Partnership's equity interest in the Company are fulfilled, and after the distributions in (a) and (b) above, the Partnership shall dispose of all its equity interest in the Company. 20% of the net proceeds from the disposal will be distributed to the Share Incentive Vehicle and the remaining 80% will be distributed to the Jinyuan Industry.

The manner of distribution above enables the Six Senior Management to receive possible future cash proceeds, through the Share Incentive Vehicle, that are disproportionate to their share of capital injections into the Partnership and the amount of such future cash proceeds to be received by the Share Incentive Vehicle will depend on many factors including future price of the Company's equity, vesting date and other factors.

The awards of the 2019 Share Incentive Scheme have been accounted for as equity-settled share-based payment. The management estimate the fair value of the awards and the length of the vesting period at grant date. The date of vesting will need to be re-estimated at each reporting date. The share-based payment expense will be recognised over the vesting period with a corresponding credit to equity of the consolidated statement of financial position as a capital contribution from government shareholder of the Company.

Independent professional valuer was engaged to assist the management to determine the grant date fair value of the awards by binomial tree method with the following assumptions and inputs:

– Vesting date initially estimated	30 July 2027
– Price per each registered capital of the Company	RMB1.02
– Risk free rate	3.69%
– Dividend yield	Nil
– Estimated volatility of return of the Company's equity	53.72%

The fair value of the awards at grant date is estimated to be approximately RMB163 million. The following table set out the estimated vesting date adopted at each reporting date and the share-based payment expense charged to the consolidated profit and loss of the Group.

	Estimated vesting date	**Share-based payment expense**
		RMB'000
For the year ended 31 December 2019	30 July 2027	8,625
For the year ended 31 December 2020	30 July 2027	20,440
For the year ended 31 December 2021	30 July 2025	29,284

45. SHARE CAPITAL/PAID-IN CAPITAL

	Note	**Paid-in capital Year ended 31 December**		
		2019	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year		4,000,000	6,396,732	12,768,773
Capital contribution from owners of the Company	*(i)*	487,305	–	–
Capital contribution from owners of the Company	*(ii)*	1,909,427	–	–
Capital contribution from owners of the Company	*(iii)*	–	599,820	–
Capital contribution from owners of the Company	*(iv)*	–	5,772,221	–
Reduction of capital and conversion to a joint stock limited company	*(v)*	–	–	(11,568,773)
Capital contribution from owners of the Company	*(vi)*	–	–	306,457
At the end of the year		6,396,732	12,768,773	1,506,457

Notes:

(i) In April 2019, the Company entered into a conditional capital increase agreement with Chengfei Integration, Jinsha Investment and Huake Investment, pursuant to which total capital of approximately RMB487,451,000 was injected into the Company with approximately RMB487,305,000 and RMB146,000 credited to the Company's paid-in capital and capital reserve, respectively.

(ii) In July 2019, Lihang Jinzhi, a limited partnership with Xiamen Lihang Equity Investment Management Company Limited (a company owned by the core management team of the Company) being its general partner, agreed to subscribed for the increased registered capital of approximately RMB1,509,547,000 at the consideration of RMB1,510 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB453,000 was credited to the Company's capital reserve. In July 2019, Jinyuan Industry, a company ultimately controlled by the Finance Bureau of Xiamen City, agreed to subscribe for the increased registered capital of approximately RMB399,880,000 at the consideration of RMB400 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB120,000 was credited to the Company's capital reserve.

(iii) In January 2020, Jinyuan Investment, a company ultimately controlled by the Finance Bureau of Xiamen City, agreed to subscribe for increased registered capital of approximately RMB599,820,000 at the consideration of RMB600 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB180,000 was credited to the Company's capital reserve.

(iv) In November 2020, Jinsha Investment agreed to subscribed for increased registered capital of approximately RMB631,497,000 at the consideration of RMB650 million which was settled by Jinsha Investment by capitalising a loan in the amount of RMB650 million owing to it by the Company. The amount of consideration in excess of the increased registered capital amounted to approximately RMB18,503,000 was credited to the Company's capital reserve.

In November 2020, Huake Engineering, a company ultimately controlled by Jintan SASAC, agreed to subscribe for the increased registered capital of approximately RMB1,049.79 million at the consideration of approximately RMB1,080.55 million, which was settled by Huake Engineering by way of transferring its physical assets, comprising of land, buildings and equipment, to the Company. The amount of consideration in excess of the increased registered capital amounted to approximately RMB30,759,000 was credited to the Company's capital reserve.

During November to December 2020, a group of [**REDACTED**] investors subscribed for the total increased registered capital of approximately RMB3,886,136,000 at an aggregate consideration of RMB4,000 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB113,864,000 was credited to the Company's capital reserve.

During November to December 2020, a group of Employees Shareholding Platforms subscribed for the total increased registered capital of approximately RMB204,799,000 at an aggregate consideration of RMB210,800,000. The amount of consideration in excess of the increased registered capital amounted to approximately RMB6,001,000 was credited to the Company's capital reserve.

(v) On 10 November 2021, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net asset of the Company as of the conversion base date, including paid-in capital, safety production fund and accumulated losses, amounting to approximately RMB12,803 million were converted into 1,200,000,000 shares with a nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's capital reserve.

(vi) In July 2021, Xiaomi Yangtze River Industry agreed to subscribe for increased registered capital of approximately RMB12,000,000 at a consideration of approximately RMB500 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB488 million was credited to the Company's capital reserve. The fund of capital increase were received in August 2021 and the registration of equity transfer were completed on 12 November 2021.

In July 2021, Chuanghe Xincai agreed to subscribe for increased registered capital of approximately RMB7,200,000 at a consideration of approximately RMB300 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB292.8 million was credited to the Company's capital reserve. The fund of capital increase were received in August 2021 and the registration of equity transfer were completed on 12 November 2021.

During July to August 2021, a group of [**REDACTED**] Investors agreed to subscribe for increased registered capital of approximately RMB212,158,000 at an aggregate consideration of approximately RMB8,839.9 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB8,627.74 million was credited to the Company's capital reserve. The fund of capital increase were received by October 2021 and the registration of equity transfer were completed on 12 November 2021.

In August 2021, Jintan International agreed to subscribe for increased registered capital of approximately RMB24,000,000 at the consideration of approximately RMB1,000 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB976 million was credited to the Company's capital reserve. The fund of capital increase were received by December 2021 and the registration of equity transfer were completed on 12 November 2021.

In August 2021, Xiamen Jinli No. 2 agreed to subscribe for increased registered capital of approximately RMB24,000,000 at a consideration of approximately RMB1,000 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB976 million was credited to the Company's capital reserve. The fund of capital increase were received in August 2021 and the registration of equity transfer were completed on 12 November 2021.

In September 2021, Changzhou Lihang Kaibo No. 11 agreed to subscribe for increased registered capital of approximately RMB8,642,400 at a consideration of RMB360.10 million. The amount of consideration in excess of the increased registered capital amounted to approximately RMB351.458 million was credited to the Company's capital reserve. The fund of capital increase were received in September 2021 and the registration of equity transfer were completed on 12 November 2021.

In October 2021, Shunying Investment, Zhongguancun Guosheng, Aviation Investment, Hongdu Airline and Missile Academy, minority shareholders of Luoyang Company, subscribed for increased registered capital of approximately RMB18,457,000, which was settled by way of transferring their total of 25.63% equity interest in Luoyang Company. The amount of capital contribution in excess of the increased registered capital amounted to approximately RMB750.567 million was credited to the Company's capital reserve. The registration of equity transfer were completed on 12 November 2021.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity including non-controlling interests.

Net debt includes loan from a shareholder, loan from a subsidiary of a shareholder, lease liabilities, interest-bearing bank borrowings, other loans, financial guarantees and put option liabilities, less cash and cash equivalents. Adjusted capital comprises all components of the Group's equity including non-controlling interests. The Group's policy is to maintain a low debt-to-equity capital ratio and this policy is unchanged. This policy will be reviewed on an annual basis.

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Loan from a shareholder *(note 30)*	650,260	–	–
Loan from a subsidiary of a shareholder *(note 30)*	45,907	–	–
Lease liabilities	91,741	10,958	26,751
Bank borrowings	875,829	827,459	2,890,647
Other loans	339,446	273,546	–
Financial guarantees	–	–	12,354
Put option liabilities	–	–	941,132
	2,003,183	1,111,963	3,870,884
Less: Cash and cash equivalents	(445,229)	(1,693,284)	(3,109,518)
Net debt	1,557,954	(581,321)	761,366
Total equity including non-controlling interests	6,065,799	12,608,621	24,986,124
Debt-to-equity ratio	0.26	N/A	0.03

46. RESERVES

(a) The Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) Nature and purpose of reserves

(i) Capital reserve

Under PRC rules and regulations, capital reserve is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

(ii) Merger reserve

Merger reserve represents the difference of consideration paid and the carrying amount of net assets acquired in a combination under common control.

(iii) Safety production fund

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve at different rates ranging from 0.05% to 2% of the total revenue recognised for the previous year. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(iv) Contribution from shareholder

The share-based payments as set out in note 44 are credited as contribution from shareholder.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policies set out in note 4(f) to the Historical Financial Information.

(vi) Other reserve

The other reserve represents the share of other comprehensive income of associates.

(c) Movements in components of equity of the Company

	Share capital	Capital reserve	Contribution from shareholder	Safety production fund	Other reserve	Put option reserve	Retained earning	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	4,000,000	–	–	–	–	–	(659,227)	3,340,773
Total comprehensive income for the year	–	–	–	–	–	–	(27,333)	(27,333)
Proceeds from paid-in capital *(note 45(ii))*	1,909,427	573	–	–	–	–	–	1,910,000
Acquisition of subsidiaries *(note 47(a))*	417,575	125	–	–	–	–	–	417,700
Issue registered capital to acquire a subsidiary under common control	27,684	(7,895)	–	–	–	–	–	19,789

	Share capital *RMB'000*	Capital reserve *RMB'000*	Contribution from shareholder *RMB'000*	Safety production fund *RMB'000*	Other reserve *RMB'000*	Put option reserve *RMB'000*	Retained earning *RMB'000*	Total *RMB'000*
Issue registered capital to acquire non-controlling interests of a subsidiary	42,046	(31,391)	–	–	–	–	–	10,655
Share-based payments *(note 44)*	–	–	8,625	–	–	–	–	8,625
Changes in equity for the year	2,396,732	(38,588)	8,625	–	–	–	(27,333)	2,339,436
At 31 December 2019	6,396,732	(38,588)	8,625	–	–	–	(686,560)	5,680,209
At 1 January 2020	6,396,732	(38,588)	8,625	–	–	–	(686,560)	5,680,209
Total comprehensive income for the year	–	–	–	–	–	–	118,056	118,056
Proceeds from paid-in capital *(note 45(iii) & (iv))*	6,372,041	169,306	–	–	–	–	–	6,541,347
Share-based payments *(note 44)*	–	–	20,440	–	–	–	–	20,440
Safety production fund	–	–	–	5	–	–	(5)	–
Changes in equity for the year	6,372,041	169,306	20,440	5	–	–	118,051	6,679,843
At 31 December 2020	12,768,773	130,718	29,065	5	–	–	(568,509)	12,360,052
At 1 January 2021	12,768,773	130,718	29,065	5	–	–	(568,509)	12,360,052
Total comprehensive income for the year	–	–	–	–	–	–	94,084	94,084
Converted into a joint stock company with limited liability *(note 45(v))*	(11,568,773)	11,188,346	–	(7)	–	–	380,434	–
Proceeds from paid-in capital *(note 45(vi))*	288,000	11,702,000	–	–	–	–	–	11,990,000
Increasing shareholding of an associate	18,457	750,567	–	–	–	–	–	769,024
Disposal of subsidiaries	–	–	–	–	(160)	–	(48,663)	(48,823)
Put option liabilities *(note 43)*	–	–	–	–	–	(926,620)	–	(926,620)
Share-based payments *(note 44)*	–	–	29,284	–	–	–	–	29,284
Safety production fund	–	–	–	2	–	–	5	7
Changes in equity for the year	(11,262,316)	23,640,913	29,284	(5)	(160)	(926,620)	425,860	11,906,956
At 31 December 2021	1,506,457	23,771,631	58,349	–	(160)	(926,620)	(142,649)	24,267,008

47. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

On 1 July 2019, the Group had acquired 73.36% equity interest in Luoyang Company, a company incorporated in PRC. Luoyang Company is principally engaged in the design, research and development, manufacturing and sales of EV battery for civil and military industrial use and ESS products. The acquisition is for the purpose of expansion of the Group's production capacity.

The fair value of the identifiable assets and liabilities of Luoyang Company (including CALB (Beijing)) acquired as at the date of completion, is as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	1,788,975
Right-of-use assets	181,754
Intangible assets	210,251
Investments in associates	67,112
Deferred tax assets	55,103
Inventories	594,591
Trade and bills receivables	856,435
Prepayment, deposits and other receivables	170,916
Amount due from Chengfei Integration	1,094,282
Amounts due from related companies	7,775
Amount due from an associate	30,573
Amount due from a joint venture	148
Current tax assets	402
Pledged deposits	159,968
Bank and cash balances	151,223
Trade and bills payables	(1,800,949)
Contract liabilities	(40,812)
Amounts due to related parties	(12,127)
Loans from related parties	(444,510)
Accruals and other payables	(333,351)
Bank borrowings	(633,934)
Provisions	(15,326)
Deferred income	(168,552)
Deferred tax liabilities	(49,875)
	1,870,072
Non-controlling interests	(498,187)
Goodwill *(note 22)*	140,097
	1,511,982
Satisfied by:	
Cash consideration payable	1,094,282
Share issued	417,700
	1,511,982
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	151,223

The fair value of trade and bill receivables, prepayment, deposits and other receivables acquired is approximately RMB856,435,000 and RMB170,916,000 respectively. All of the contractual cash flows are expected to be collected in full.

The goodwill arising on the acquisition of Luoyang Company is attributable to the expected synergies of the combination.

Luoyang Company contributed approximately RMB626,667,000 to the Group's revenue for the year ended 31 December 2019 for the period from the date of acquisition to 31 December 2019. Luoyang Company incurred approximately RMB105,534,000 to the Group's loss for the year ended 31 December 2019 for the period from the date of acquisition to 31 December 2019.

(b) Disposal of subsidiaries

On 8 November 2021, the Group disposed of 51% equity interest in Luoyang Company to Jincheng Technology the consideration of RMB1,530 million with corresponding RMB397.8 million compensation to Jincheng Technology determined subsequently. After the disposal, the Group held 23.37% equity interest in Luoyang Company and recongised such interest as investments in associates. Details of the compensation arrangement are set out in note 52(d).

A summary of the effects of the disposal of Luoyang Company (including CALB (Beijing)) at the date of disposal is as follows:

	RMB'000
Property, plant and equipment	2,138,912
Right-of-use assets	171,092
Intangible assets	145,986
Investments in associates	77,089
Deposits paid for acquisition of property, plant and equipment	77,915
Deferred tax assets	51,065
Inventories	877,091
Trade and bill receivables	921,257
Prepayments, deposits and other receivables	91,110
Amounts due from related parties	101,373
Pledged bank deposits	167,238
Bank and cash balances	177,355
Trade and bill payables	(1,166,906)
Accruals and other payables	(160,840)
Amounts due to related parties	(1,573,410)
Contract liabilities	(16,071)
Bank borrowings	(308,398)
Provisions	(59,768)
Deferred income	(107,925)
Deferred tax liabilities	(39,452)
Net assets disposed of	1,564,713
Non-controlling interests	(401,036)
Goodwill	140,097
Retained interest in associate	(518,814)
Gain on disposal of subsidiaries *(note 11)*	347,240
Total consideration (net of compensation)	1,132,200
Satisfied by:	
Cash consideration received	153,000
Amount due from Jincheng Technology *(note 30)*	979,200
	1,132,200
Net cash outflow arising on disposal:	
Cash consideration received	153,000
Cash and cash equivalents disposed of	(177,355)
	(24,355)

(c) Major non-cash transaction

During the year ended 31 December 2020, the loan from a shareholder amounting RMB650 million have been converted into paid-in capital of the Company.

During the year ended 31 December 2020, the physical assets, comprising of land, buildings and equipment, amounting RMB1,080.55 million have been transferred as capital injection to the Company from Huake Engineering.

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2019	Cash flows	Inception of leases	Interest expenses (note 13)	Acquisition of subsidiaries (note 47(a))	31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans from subsidiary of a shareholder *(note 30)*	–	39,221	–	6,686	–	45,907
Lease liabilities *(note 37)*	–	(11,571)	101,145	2,167	–	91,741
Bank borrowing *(note 38)*	–	222,591	–	19,304	633,934	875,829
Other loans *(note 39)*	–	334,336	–	5,110	–	339,446
Loan from a shareholder *(note 30)*	650,260	(7,908)	–	7,908	–	650,260
	650,260	576,669	101,145	41,175	633,934	2,003,183

	1 January 2020	Cash flows	Inception of leases	Interest expenses (note 13)	Early termination of lease and rent concession	Re-classification	31 December 2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loan from a subsidiary of a shareholder *(note 30)*	45,907	(47,019)	–	1,112	–	–	–
Lease liabilities *(note 37)*	91,741	(28,112)	16,743	2,552	(71,966)	–	10,958
Bank borrowing *(note 38)*	875,829	(79,442)	–	31,072	–	–	827,459
Other loans *(note 39)*	339,446	(81,704)	–	15,804	–	–	273,546
Loan from a shareholder *(note 30)*	650,260	(7,085)	–	6,825	–	(650,000)	–
	2,003,183	(243,362)	16,743	57,365	(71,966)	(650,000)	1,111,963

	1 January 2021	Cash flows	Inception of leases	Interest expenses (note 13)	Disposal of Subsidiaries (note 47(b))	Non Cash transactions	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities *(note 37)*	10,958	(327)	21,297	695	–	(5,872)	26,751
Bank borrowing *(note 38)*	827,459	2,290,467	–	81,119	(308,398)	–	2,890,647
Other loans *(note 39)*	273,546	(248,263)	–	6,717	–	(32,000)	–
	1,111,963	2,041,877	21,297	88,531	(308,398)	(37,872)	2,917,398

(e) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	3,033	10,686	22,723
Within investing cash flows	156,715	12,259	267,869
Within financing cash flows	9,405	25,560	222
	169,153	48,505	290,814

These amounts relate to the following:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Lease rental paid	12,438	36,246	22,945
Payments for right-of-use assets	156,715	12,259	267,869
	169,153	48,505	290,814

48. CONTINGENT LIABILITIES

(a) During the Track Record Period, the Group endorsed certain bills receivables for the settlement of trade and other payables. The outstanding endorsed bills receivables are generally with maturities no more than 12 months. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of default in payment of the endorsed bills receivables is low because such endorsed bills receivables are issued and guaranteed by reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed bills receivables as at 31 December 2019, 2020 and 2021 are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Endorsed bills for settlement of trade and other payables	93,865	25,131	111,950

(b) During July 2021 to September 2021, Contemporary Amperex Technology Co. Limited ("**CATL**") has brought certain intellectual property ("**IP**") infringement claims (the "**Claims**") against the Company, and petitioned for total damages of RMB185 million, legal cost of RMB3 million and immediately stop infringing the relevant IP. After assessment, the Directors are of the view that the Claims are lacking in merit and it is not probable that an outflow of economic benefits will be required to settle the cases.

Save as disclosed above, the Group had no other material contingent liabilities as at 31 December 2021.

49. CAPITAL COMMITMENTS

Commitments contracted for at the end of the respective reporting periods but not yet incurred are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	1,195,253	2,469,278	16,857,495
Intangible assets	1,821	8,492	37,492
Capital contribution to associates	52,000	–	–
	1,249,074	2,477,770	16,894,987

50. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for office equipment, staff quarters, office premise, factories, motor vehicles and warehouses. As at 31 December 2019, 31 December 2020 and 31 December 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 21.

As at 31 December 2019, 31 December 2020 and 31 December 2021, the outstanding lease commitments relating to these short-term leases are RMB2,857,000, RMB3,742,000 and RMB1,071,000 respectively.

The Group as lessor

Operating leases relate to property owned by the Group with lease terms of 3 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,593	797	–
In the second year	797	–	–
Total	**2,390**	**797**	**–**

The following table presents the amounts reported in profit or loss:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Lease income on operating leases	797	1,593	–

51. RELATED PARTY TRANSACTIONS

(a) Names and relationships of the related parties that had material transactions and balances with the Group during the Track Record Period:

Name of party	Relationship
常州金沙科技投資有限公司 Changzhou Jinsha Technology Investment Co., Ltd.* ("**Jinsha Investment**")	Shareholder
常州華科工程建設有限公司 Changzhou Huake Engineering Construction Co., Ltd.* ("**Huake Engineering**")	Shareholder#
中航鋰電(洛陽)有限公司 China Lithium Battery Technology (Luoyang) Co., Ltd.* ("**Luoyang Company**")	Associate
上海央邁動力技術有限公司 CADMA Drivetrain Tec Co., Ltd.* ("**Shanghai Yangmai**")	Joint venture
常州金沙資金管理有限公司 Changzhou Jinsha Capital Management Co., Ltd* ("**Jinsha Capital Management**")	Entity controlled by shareholders of the Company
江蘇金壇金城科技產業發展有限公司 Jiangsu Province Jintan Jincheng Technology Industry Development Co., Ltd.* ("**Jincheng Technology**")	Entity controlled by shareholders of the Company
江蘇城東建設工程有限公司 Jiangsu Chengdong Construction Projects Co., Ltd.* ("**Jiangsu Chengdong Construction**")	Entity controlled by shareholders of the Company
江蘇城東信息科技有限公司 Jiangsu Chengdong Information Technology Co., Ltd.* ("**Jiangsu Chengdong Information**")	Entity controlled by shareholders of the Company
常州市金壇區東鋰新能源科技發展有限公司 Changzhou City Jintan District Dongli New Energy Technology Development Co., Ltd.* ("**Dongli New Energy Technology**")	Entity controlled by shareholders of the Company
江蘇金壇華羅庚科技產業發展有限公司 Jiangsu Jintan Hualuogeng Technology Industry Development Co., Ltd.* ("**Jintan Hualuogeng**")	Entity controlled by shareholders of the Company
廈門金圓投資集團有限公司 Xiamen Jinyuan Industry Investment Group Company Limited* ("**Jinyuan Investment**")	Entity controlled by shareholders of the Company
中航鋰電(廈門)科技有限公司 CALB (Xiamen) Co., Ltd.* ("**Xiamen Company**")	Subsidiary
中創新航技術研究院(江蘇)有限公司 CALB Technology Co., Ltd.* ("**Jiangsu Research Institute**")	Subsidiary
中創新航科技(江蘇)有限公司 CALB (Jiangsu) Co., Ltd.* ("**Jiangsu Company**")	Subsidiary

* The official names of these entities are in Chinese. The English translation of the names are for identification purpose only.

[Huake Engineering was a subsidiary of a shareholder before 15 December 2020.]

(b) In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the Group had the following material transactions with its related parties during the Track Record Period:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from sales of goods to			
– CALB USA	28,858	41,202	51,650
– Luoyang Company	117,392	–	32,640
Entrusted processing services from			
– Luoyang Company	–	–	206,704
Purchase of goods and services from			
– Luoyang Company	–	–	49,454
Purchase of intangible assets from			
– Luoyang Company	–	–	323,921
Purchase of property, plant and equipment from			
– Luoyang Company	–	–	12,887
Disposal of property, plant and equipment to			
– Luoyang Company	–	–	88,422
Proceeds from disposal of 51% equity interest in Luoyang Company to			
– Jincheng Technology	–	–	1,132,200
Rental fee income from			
– Huake Engineering	–	–	3,793
Rental fee charged by			
– Huake Engineering	18,088	28,589	137
– Jiangsu Chengdong Construction	–	979	5,872
Interest expenses on loans from related parties			
– Jinsha Capital Management	3,543	1,112	–
– Jinsha Investment	7,908	6,825	–
– Jintan Hualuogeng	3,143	–	–
Construction fees charged by			
– Jiangsu Chengdong Construction	–	–	1,058,911
– Jiangsu Chengdong Information	–	–	398

In December 2021, Luoyang Company had caused its trade receivables due from external customers of approximately RMB188,907,000 being novated to the Group for the same amount of trade payables owed to the Group by Luoyang Company. After the novation, the Group shall collect the trade receivables directly from those original external customers of Luoyang Company. The abovementioned novated trade receivables are included in the amounts disclosed in note 28.

Since March 2021, Jinyuan Investment has been providing financial guarantee to a subsidiary of the Group, Xiamen Company in favour of a group of 6 banks, to guarantee the payment obligation of 80% principal amount (being RMB2,000 million) of a loan in the principal amount of RMB2,500 million for a term of 8 years. The guarantee period of Jinyuan Investment took effective from the date of entering into the guarantee agreement to three years after the expiration of repayment obligation by Xiamen Company under the loan agreement.

(c) Balances with related parties

Details of the Group's balances with related parties at the end of each of the Track Record Periods are disclosed in note 30 to the Historical Financial Information.

(d) The remuneration of directors, supervisors and other members of senior management during the Track Record Period was as follows:

	Salaries, bonus and allowances *RMB'000*	Equity-settled share-based payments *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Total *RMB'000*
Dr. Pan Fangfang (潘芳芳博士) *(note (ii))*	1,135	1,725	30	2,890
Mr. Dai Ying (戴穎先生) *(note (iii))*	656	1,294	19	1,969
Mr. Geng Yan'an (耿言安先生) *(note (iv))*	951	1,294	46	2,291
Mr. Wang Xiaoqiang (王小強先生) *(note (vi))*	727	431	7	1,165
Mr. He Fan (何凡先生) *(note (vii))*	1,045	431	37	1,513
Mr. Xie Qiu (謝秋先生) *(note (viii))*	1,028	–	30	1,058
Directors and supervisors as disclosed in note 17(a)	3,536	3,450	54	7,040
Total for year ended 31 December 2019	**9,078**	**8,625**	**223**	**17,926**

	Salaries, bonus and allowances *RMB'000*	Equity-settled share-based payments *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Total *RMB'000*
Dr. Pan Fangfang (潘芳芳博士) *(note (ii))*	3,045	4,088	8	7,141
Mr. Geng Yan'an (耿言安先生) *(note (iv))*	2,672	3,066	45	5,783
Ms. Gao Yan (高豔女士)*(note (v))*	1,655	–	3	1,658
Mr. Wang Xiaoqiang (王小強先生) *(note (vi))*	1,547	1,022	6	2,575
Mr. He Fan (何凡先生) *(note (vii))*	1,260	1,022	9	2,291
Mr. Xie Qiu (謝秋先生) *(note (viii))*	1,152	–	8	1,160
Directors and supervisors as disclosed in note 17(a)	8,260	11,242	22	19,524
Total for year ended 31 December 2020	**19,591**	**20,440**	**101**	**40,132**

	Salaries, bonus and allowances *RMB'000*	Equity-settled share-based payments *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Total *RMB'000*
Dr. Pan Fangfang (潘芳芳博士) *(note (ii))*	3,060	5,857	32	8,949
Mr. Geng Yan'an (耿言安先生) *(note (iv))*	2,692	4,393	57	7,142
Ms. Gao Yan (高豔女士) *(note (v))*	1,910	–	39	1,949
Mr. Wang Xiaoqiang (王小強先生) *(note (vi))*	1,554	1,464	7	3,025
Mr. He Fan (何凡先生) *(note (vii))*	1,266	1,464	36	2,766
Mr. Xie Qiu (謝秋先生) *(note (viii))*	1,178	–	32	1,210
Directors and supervisors as disclosed in note 17(a)	8,173	16,107	97	24,377
Total for year ended 31 December 2021	**19,833**	**29,285**	**300**	**49,418**

Notes:

(i) The amounts disclosed above represent remuneration paid or payable to the directors and other members of senior management of the Company as key management personnel of the Group's entities.

(ii) Pan Fangfang was appointed as vice general manager on 5 September 2019.

(iii) Dai Ying was appointed as vice general manager on 3 April 2019 and appointed as a director on 2 December 2020. Mr. Dai was designated as an executive director on 10 December 2021.

(iv) Geng Yan'an was appointed as vice general manager on 6 August 2018.

(v) Gao Yan was appointed as vice general manager on 25 April 2020.

(vi) Wang Xiaoqiang was appointed as vice general manager on 15 November 2021.

(vii) He Fan was appointed as vice general manager on 15 November 2021.

(viii) Xie Qiu was appointed as vice general manager on 15 November 2021.

52. EVENTS AFTER THE REPORTING PERIOD

(a) In January 2022, the Company entered into investments agreements in relation to the establishment of production base projects in Jiangmen city, Guangdong province. The Company shall have 51% equity interest in the project company and has related capital commitment of RMB5,100 million in phase one and an additional capital commitment of RMB5,100 million in phase two.

(b) In January 2022, the Company entered into investments agreements in relation to the establishment of battery materials production base project in Meishan city, Sichuan province. The Company shall have 100% equity interest in the project company and has related capital commitment of RMB1,800 million.

(c) In February 2022, the Company entered into investments agreements in relation to the establishment of production base projects in Xiamen city, Fujian province. The Company shall have 51% equity interest in the project company and has related capital commitment of RMB2,550 million in phase one, RMB5,100 million in phase two and RMB2,550 million in phase three.

(d) On 31 December 2021, Luoyang Company entered into entrusted processing framework agreement with the Company that would affect Luoyang Company's financial forecast. On [●] 2022, Jintan Group entered into Non-Competition Agreement which resulted in material change in the operation mode and profit forecast of Luoyang Company, and reaffirming the financial impact implied by the entrusted processing framework agreement. Considering the impact of the Non-Competition Agreement, on 2 March 2022, the Company and Jincheng Technology entered into a supplemental agreement in respect of the 51% equity interests of Luoyang Company disposed by the Company to Jincheng Technology in November 2021, pursuant to which, the Company agreed to compensate Jincheng Technology in the amount of RMB397.8 million (being the difference between the market valuation of Luoyang Company at 31 December 2020 and the valuation of Luoyang Company as of 31 December 2021 multiply by 51%) (the "**Compensation Arrangement**"). Regulatory approvals by relevant state-owned assets supervision and administration department were required for the aforementioned disposal as well as the related compensation payment. The Compensation Arrangement is an adjusting event after the reporting date, as that is equivalent to proceeds from disposal of assets being determined after reporting date based on circumstances and information available on or before the end of reporting period.

(e) On March 3, 2022, the Company entered into equity transfer agreement with Jinhang Holding, pursuant to which the Company agreed to sell and Jinhang Holding agreed to purchase the Company's remaining 49% of equity interests in Luoyang Company at a consideration of RMB[1,087.8 million]. [The disposal is expected to result in gain [loss] on disposal of associate of approximately RMB[●].]

Save as disclosed above, the Group had no other material event after the reporting period as at 31 December 2021.

53. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 31 December 2021 and up to the date of this report.

C. ADDITIONAL FINANCIAL INFORMATION OF LUOYANG COMPANY

The following is the financial information of China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司) ("Luoyang Company") for the period from 1 January 2019 to 30 June 2019 before it became a non-wholly owned subsidiary of the Company upon completion of Luoyang Acquisition as set out in Note 2 of Section B of the Accountant's Report.

STATEMENT OF PROFIT OR LOSS OF LUOYANG COMPANY

	Note	**For the period from 1 January 2019 to 30 June 2019** *RMB'000*
Revenue	*3*	311,019
Cost of sales		(231,765)
Gross profit		79,254
Other income	*4*	968
Other gains and (losses), net	*5*	(23,013)
Government grants and subsidies		21,043
Selling expenses		(17,977)
Administrative expenses		(44,700)
Research and development expenses		(33,519)
Reversal of impairment loss on trade and bills receivables		14,442
Reversal of impairment loss on prepayments, deposits and other receivables		126
Loss from operations		(3,376)
Finance costs	*7*	(30,472)
Share of losses of associates		(644)
Loss before tax		(34,492)
Income tax credit	*8*	7,250
Loss for the period	*9*	(27,242)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF LUOYANG COMPANY

	Note	**For the period from 1 January 2019 to 30 June 2019** *RMB'000*
Loss for the period		(27,242)
Other comprehensive expense:		
Share of comprehensive expense of associates		(164)
Other comprehensive expense for the period, net of tax		(164)
Total comprehensive expense for the period		(27,406)

STATEMENT OF FINANCIAL POSITION OF LUOYANG COMPANY

	Note	**As at 30 June 2019** *RMB'000*
Non-current assets		
Property, plant and equipment	*12*	1,747,681
Right-of-use assets	*13*	109,345
Intangible assets	*14*	23,747
Investments in associates	*15*	51,996
Investment in a joint venture	*16*	–
Investments in subsidiaries	*17*	1,134,282
Deposits paid for acquisition of property, plant and equipment	*20*	79,480
Deferred tax assets	*33*	52,462
		3,198,993
Current assets		
Inventories	*18*	592,915
Trade and bills receivables	*19*	825,128
Prepayments, deposits and other receivables	*20*	47,612
Amounts due from related companies	*21*	6,205
Amounts due from subsidiaries	*21*	32,781
Amount due from an associate	*21*	30,573
Amount due from a joint venture	*21*	148
Amount due from the ultimate holding company	*21*	1,570

	Note	**As at 30 June 2019** *RMB'000*
Current tax assets		302
Pledged bank deposits	*22 (a)*	159,968
Bank and cash balances	*22 (b)*	147,401
		1,844,603
Current liabilities		
Trade and bills payables	*23*	570,152
Accruals and other payables	*24*	174,211
Contract liabilities	*25*	40,408
Bank borrowings	*26*	263,556
Loans from related companies	*27*	301,970
Loan from a subsidiary	*28*	103,389
Loan from the ultimate holding company	*29*	8,040
Amount due to related companies	*30*	12,127
Amount due to subsidiaries	*30*	1,278,509
Provisions	*31*	15,326
		2,767,688
Net current liabilities		(923,085)
Total assets less current liabilities		**2,275,908**
Non-current liabilities		
Bank borrowings	*26*	370,378
Loan from the ultimate holding company	*29*	134,500
Deferred income	*32*	168,552
Deferred tax liability	*33*	31,724
		705,154
NET ASSETS		1,570,754
Capital and reserves		
Equity attributable to owners of the Company		
Paid-up capital	*34*	990,867
Reserves		579,887
TOTAL EQUITY		**1,570,754**

STATEMENT OF CHANGES IN EQUITY OF LUOYANG COMPANY

	Paid-in capital (Note 34)	Capital Reserve	Safety production fund	Statutory Reserve	Other Reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	990,867	1,013,313	1,157	68,885	468	(476,530)	1,598,160
Total comprehensive income for the year	–	–	–	–	(164)	(27,242)	(27,406)
Safety production fund	–	–	465	–	–	(465)	–
Changes in equity for the period	–	–	465	–	(164)	(27,707)	(27,406)
At 30 June 2019	990,867	1,013,313	1,622	68,885	304	(504,237)	1,570,754

STATEMENT OF CASH FLOWS OF LUOYANG COMPANY

	Note	For the period from 1 January 2019 to 30 June 2019
		RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(34,492)
Adjustments for:		
Depreciation of property, plant and equipment	*12*	68,835
Depreciation of right-of-use assets	*13*	1,381
Amortisation of intangible assets	*14*	1,576
Share of losses of associates		644
Government grants and subsidies		(15,021)
Allowance for inventories	*5*	22,266
Reversal of allowance for trade receivables		(14,442)
Reversal of allowance for other receivables		(126)
Net gain on disposals of property, plant and equipment	*5*	(59)
Interest income	*4*	(794)
Finance costs	*7*	30,472
Operating profit before working capital changes		60,240
Increase in inventories		(298,595)
Increase in trade and bills receivables		(13,535)
Increase in prepayments, deposits and other receivables		(14,453)
Increase in amounts due from subsidiaries		(32,781)
Decrease in amount due from an associate		23,862
Increase in trade and bills payables		421,418
Decrease in accruals and other payables		(381,240)
Increase in provisions		4,233
Increase in contract liabilities		40,408
Net cash used in operating activities		(190,443)

	Note	**For the period from 1 January 2019 to 30 June 2019** *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		794
Deposits paid for acquisition of property, plant and equipment		(18,555)
Purchase of property, plant and equipment		(11,166)
Proceeds from disposals of property, plant and equipment		78
Government grants received related to assets	*32*	1,608
Decrease in amounts due from related companies		244
Increase in amounts due from the ultimate holding company		(1,184)
Decrease in pledged deposits		(81,191)
Net cash used in investing activities		(109,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings		(341,980)
Repayment of loans from related companies		(48,093)
Repayment of loan from a subsidiary		(146,619)
Repayment of loan from the ultimate holding company		(4,000)
Increase in amount due to subsidiaries		525,094
Increase in amount due to related companies		27
Interest paid		(30,472)
Net cash used in financing activities		(46,043)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(345,858)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		493,423
Effect of foreign exchange rate changes		(164)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		147,401
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balance		147,401

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF LUOYANG COMPANY

1. GENERAL INFORMATION

Luoyang Company is a limited liability company and was incorporated in the PRC (the "PRC") on 14 September 2009. The registered office and the address of its principial place of business is No.66 Binhe North Road, High-tech Development Zone, Luoyang City, PRC.

Luoyang Company has been engaging in the design, research and development, production and sales of EV battery for civil and military industrial use and ESS products.

On 1 January 2019, Luoyang Company was 63.98% owned by Chengfei Integration. On April 22, 2019, Chengfei Integration agreed to transfer its 45% equity interests in Luoyang Company to the Company. On the same day, Chengfei Integration and Jinsha Investment agreed to transfer 18.98% and 9.38% of their respective equity interests in Luoyang Company to the Company and therefore Luoyang Company became 73.36% owned by the Company as at 30 June 2019.

2. BASIS OF PREPARATION

[The financial information of Luoyang Company for the period from 1 January 2019 to 30 June 2019 has been prepared in accordance with IFRSs issued by IASB under historical cost convention and in accordance with the accounting policies of the Group presented on the basis set out in Note 4 of Section B except for those accounting policies related to consolidation.]

3. REVENUE

	For the period from 1 January 2019 to 30 June 2019 *RMB'000*
Revenue from contracts with customers within the scope of IFRS 15	
Sales of EV battery	213,731
Sales of ESS products	80,938
Others	16,350
	311,019

4. OTHER INCOME

	For the period from 1 January 2019 to 30 June 2019 *RMB'000*
Interest income on bank deposits	794
Penalty income from suppliers	168
Others	6
	968

5. OTHER GAINS AND (LOSSES), NET

	For the period from 1 January 2019 to 30 June 2019 *RMB'000*
Allowance for inventories	(22,266)
Net foreign exchange losses	(806)
Net gain on disposals of property, plant and equipment	59
	(23,013)

6. SEGMENT INFORMATION

Luoyang Company has mainly carried on a single business in a single geographical location, which is mainly the design, research and development, production and sales of EV battery for civil and military industrial use and ESS products in the PRC, and all the assets are substantially located in the PRC. Accordingly, there is only one single business reportable segment which is regularly reviewed by the chief operating decision maker.

Revenue from major customers:

	For the period from 1 January 2019 to 30 June 2019 *RMB'000*
Customer C	87,500
CALB USA	49,647

7. FINANCE COSTS

	For the period from 1 January 2019 to 30 June 2019 *RMB'000*
Interest on bank borrowings	17,995
Interest on loans from fellow subsidiaries	8,451
Interest on loan from a subsidiary	3,238
Interest on loan from the ultimate holding company	788
Total borrowing costs	**30,472**

8. INCOME TAX CREDIT

Income tax credit has been recognised in profit or loss as follows:

	For the period from 1 January 2019 to 30 June 2019 *RMB'000*
Current tax – the PRC	
Provision for the period	–
Deferred tax *(note 33)*	8,141
	8,141
Withholding tax	(891)
	7,250

Luoyang Company has been approved as high and new technology enterprises and were entitled to a reduced EIT rate of 15%. The high and new technology enterprises certificates need to be renewed every three years so as to enable Luoyang Company to enjoy the reduced EIT rate of 15%.

The reconciliation between the income tax credit and the product of loss before tax multiplied by the CIT rate is as follows:

	For the period from 1 January 2019 to 30 June 2019
	RMB'000
Loss before tax	(34,492)
Tax at the PRC Enterprise Income Tax rate of 15%	(5,174)
Tax effect of expenses that are not deductible	968
Tax effect of super deduction of qualified research and development expenditure	(3,693)
Tax effect of temporary differences not recognised	262
Tax effect of utilisation of tax losses not previously recognised	(504)
Tax effect of withholding tax	891
Income tax credit	(7,250)

9. LOSS FOR THE PERIOD

Luoyang Company's loss for the period from 1 January 2019 to 30 June 2019 is stated after charging the following:

	For the period from 1 January 2019 to 30 June 2019
	RMB'000
Amortisation of intangible assets *(note 14)*	1,576
Cost of inventories sold	231,765
Depreciation of property, plant and equipment *(note 12)*	68,835
Depreciation of right-of-use assets *(note 13)*	1,381
Expenses relating to short-term lease (included in cost of sales, selling expenses and administrative expenses)	413
Expenses relating to lease of low value assets (included in cost of sales, selling expenses and administrative expenses)	185

10. EMPLOYEE BENEFITS EXPENSES

	For the period from 1 January 2019 to 30 June 2019
	RMB'000
Employee benefits expense (including Directors' emoluments):	
Salaries, bonuses and allowances	64,419
Retirement benefit scheme contributions	7,010
	71,429

11. DIVIDENDS

No dividend has been paid or proposed during the period from 1 January 2019 to 30 June 2019.

12. PROPERTY, PLANT AND EQUIPMENT

	Building	Machinery	Computer equipment	Furniture and office equipment	Motor vehicles	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018 and 1 January 2019								
Cost	1,005,075	818,583	27,139	13,251	4,653	76	390,376	2,259,153
Accumulated depreciation and impairment	(132,207)	(283,395)	(22,325)	(11,730)	(4,059)	(68)	–	(453,784)
Net carrying amount	872,868	535,188	4,814	1,521	594	8	390,376	1,805,369
At 1 January 2019, net of accumulated depreciation and impairment	872,868	535,188	4,814	1,521	594	8	390,376	1,805,369
Additions	–	499	–	79	–	–	10,588	11,166
Depreciation provided during the period	(18,040)	(49,202)	(1,041)	(423)	(129)	–	–	(68,835)
Disposals	–	–	–	(2)	(17)	–	–	(19)
Transfer	–	387,623	–	–	–	–	(387,623)	–
At 30 June 2019, net of accumulated depreciation and impairment	854,828	874,108	3,773	1,175	448	8	13,341	1,747,681
At 30 June 2019								
Cost	1,005,075	1,206,705	27,139	13,329	4,317	76	13,341	2,269,982
Accumulated depreciation and impairment	(150,247)	(332,597)	(23,366)	(12,154)	(3,869)	(68)	–	(522,301)
Net carrying amount	854,828	874,108	3,773	1,175	448	8	13,341	1,747,681

As at 30 June 2019, the carrying amount of property, plant and equipment pledged as security for Luoyang Company's loan from a fellow subsidiary amounted to RMB207,738,000 (note 27).

As at 30 June 2019, Luoyang Company was still in the process of obtaining property ownership certificates for certain buildings with a net carrying amount of RMB290,215,000.

13. RIGHT-OF-USE ASSETS

	Leasehold lands
	RMB'000
At 1 January 2019 upon adoption of IFRS 16	110,726
Depreciation	(1,381)
At 30 June 2019	109,345

14. INTANGIBLE ASSETS

	Computer Software *RMB'000*	Trademark *RMB'000*	Patent *RMB'000*	Development costs *RMB'000*	Total *RMB'000*
Cost					
At 1 January 2019	10,662	39	20,130	5,563	36,394
Transfer	–	–	1,309	(1,309)	–
At 30 June 2019	10,662	39	21,439	4,254	36,394
Accumulated amortisation and impairment					
At 1 January 2019	4,623	18	6,430	–	11,071
Charge for the period	533	2	1,041	–	1,576
Impairment	–	–	–	–	–
At 30 June 2019	5,156	20	7,471	–	12,647
Carrying amount					
At 30 June 2019	5,506	19	13,968	4,254	23,747

Computer software has finite useful life. The computer software is stated at cost less accumulated amortisation and any impairment losses, and is amortised on the straight-line basis over its estimated useful life of 10 years.

Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over their estimated useful life of 10 years.

Patents have finite useful lives and is amortised on a straight-line basis over its estimated useful life of not more than 10 years.

The average remaining amortisation period (in years) for Luoyang Company's intangible assets at end of reporting periods are:

	As at 30 June 2019 *(years)*
Computer software	6.1
Trademarks	4.9
Patents	6.8

15. INVESTMENTS IN ASSOCIATES

	As at 30 June 2019 *RMB'000*
Unlisted investments:	
Share of net assets	51,996

As at 30 June 2019, details of Luoyang Company's associates using equity method are as follows:

Name	Place of incorporation and operations	Particulars of paid up/ registered capital	Percentage of equity interest attributable to Luoyang Company	Principal activities
Cangzhou Mingzhu	The PRC	RMB118,400,000	As at 30 June 2019: 10%	Manufacturing and sales of battery diaphragm
CALB USA	The USA	US$100,000	As at 30 June 2019: 40%	Sales of lithium-ion battery
Shanghai Fanneng	The PRC	RMB4,846,000	As at 30 June 2019: 25%	Development and consultancy services of lithium-ion battery

Although Luoyang Company holds less than 20% of the equity interest of Cangzhou Mingzhu, Luoyang Company exercises significant influence over Cangzhou Mingzhu because Luoyang Company is entitled to appoint one director out of the five directors of Cangzhou Mingzhu.

The following table shows information on the associates that are material to Luoyang Company. These associates are accounted for in the Historical Financial Information using the equity method. The summarised financial information present is based on the audited financial statements or management accounts of the associates prepared based on the local accounting standards and further adjusted to comply with IFRSs by the Luoyang Company's directors.

	As at 30 June 2019	
	Cangzhou Mingzhu	**CALB USA**
	RMB'000	*RMB'000*
Non-current assets	470,476	522
Current assets	99,630	51,600
Non-current liabilities	(59,220)	–
Current liabilities	(22,492)	(31,876)
Net assets	488,394	20,246
Proportion of the ownership	10%	40%
Group's share of net assets	48,839	8,098
Unrealised profit	–	(4,941)
Group's share of carrying amount of interests	48,839	3,157
Revenue	9,755	66,748
(Loss)/profit from operations	(42,457)	9,005
Other comprehensive expense	–	(410)
Total comprehensive (expense)/income	**(42,457)**	**8,595**
Dividend income from associates	–	1,431

The following table shows, in aggregate, Luoyang Company's share of the amount of the immaterial associate that is accounted for using the equity method.

	As at 30 June 2019 *RMB'000*
Carrying amount of interests	–

	For the period from 1 January 2019 to 30 June 2019 *RMB'000*
Loss for the period, net	(61)
Other comprehensive income	–
Total comprehensive expense	**(61)**

Luoyang Company has not recognised loss for the period ended 30 June 2019, amounting to approximately RMB61,000. The accumulated losses not recognised were approximately RMB99,000 as at 30 June 2019.

16. INVESTMENT IN A JOINT VENTURES

	As at 30 June 2019 *RMB'000*
Unlisted investments in the PRC:	
Share of net assets	–

As at 30 June 2019, details of Luoyang Company's joint venture using equity method are as follows:

Name	**Place and date of establishments**	**Registered capital**	**Percentage of equity interest attributable to Luoyang Company**	**Principal activities**
Shanghai Yangmai	The PRC 6 August 2015	RMB10,000,000	51%	Development and wholesale of battery and car accessories

The following table shows, in aggregate, Luoyang Company's share of the amount of the joint venture that is accounted for using the equity method in the Historical Financial Information.

	As at 30 June 2019 *RMB'000*
Carrying amount of interests	–

	For the period from 1 January 2019 to 30 June 2019
	RMB'000
Loss for the period, net	(1,068)
Other comprehensive expense	–
Total comprehensive expense	**(1,068)**

Luoyang Company has not recognised loss for the period ended 30 June 2019, amounting to approximately RMB1,068,000. The accumulated losses not recognised were approximately RMB1,068,000 as at 30 June 2019.

17. INVESTMENTS IN SUBSIDIARIES

As at 30 June 2019, Luoyang Company had direct interests in its subsidiaries, the particulars of which are set out below:

Name	**Place and date of establishments**	**Registered Capital**	**Percentage of equity interest attributable to Luoyang Company**	**Principal activities**
CALB Co., Ltd.	The PRC 8 December 2015	RMB4,000,000,000	30%	Design, research and development, production and sales of EV batteries and ESS products
CALB (Beijing)	The PRC 4 September 2013	RMB40,000,000	100%	Sales of EV battery

18. INVENTORIES

	As at 30 June 2019
	RMB'000
Raw materials	50,877
Work in progress	300,086
Finished goods	241,952
	592,915

19. TRADE AND BILLS RECEIVABLES

	As at 30 June 2019
	RMB'000
Trade receivables	758,397
Allowance for doubtful debts	(58,546)
	699,851
Bills receivables	125,277
	825,128

The credit terms are generally within 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. Luoyang Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The carrying amounts of Luoyang Company's trade receivables are denominated in RMB.

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	As at 30 June 2019
	RMB'000
0 to 180 days	551,446
181 to 365 days	101,241
1 – 2 years	35,172
Over 2 years	11,992
	699,851

Reconciliation of allowance for trade and bills receivables:

	RMB'000
At 1 January 2019	72,988
Reversal of allowance for the period	(14,442)
At 30 June 2019	58,546

As at 30 June 2019, bills receivable RMB125,277,000 whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under IFRS 9 respectively. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant during the period from 1 January 2019 to 30 June 2019.

Bills receivables represent short-term bank acceptance bills receivable that entitle Luoyang Company to receive the full face amount from the banks at maturity, which generally ranges from 3 to 12 months from the date of issuance. Historically, Luoyang had experienced no credit losses on bills receivable. Luoyang Company from time to time endorses bills receivable to suppliers in order to settle trade payables.

As at 30 June 2019, Luoyang Company endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. Luoyang Company has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of management, Luoyang Company has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and Luoyang Company has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. Luoyang Company considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable. As at 30 June 2019, Luoyang Company's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by Luoyang Company to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB31,543,000.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2019
	RMB'000
Deposits paid for acquisition of property, plant and equipment	79,480
Prepayments	21,307
Other tax receivables	24,198
Other deposits	166
Other receivables	1,941
	127,092
Analysed as:	
Non-current assets	79,480
Current assets	47,612
	127,092

Reconciliation of allowances for prepayments, deposits and other receivables:

	RMB'000
At 1 January 2019	2,698
Reversal of impairment loss for the period	(126)
At 30 June 2019	2,572

21. AMOUNTS DUE FROM RELATED COMPANIES, SUBSIDIARIES, AN ASSOCIATE, A JOINT VENTURE AND THE ULTIMATE HOLDING COMPANY

The amounts due from related companies, subsidiaries, an associate, a joint venture and the ultimate holding company are unsecured, interest free and repayable on demand.

22. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

(a) Pledged bank deposits

Luoyang Company's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to Luoyang Company.

(b) Bank and cash balances

Bank and cash balances of Luoyang Company deposited with banks in the PRC are denominated in the following currencies:

	As at 30 June 2019
	RMB'000
RMB	146,907
US$	440
EUR	54
	147,401

Conversion of the above balances from RMB into foreign currencies and from foreign currencies into RMB is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

23. TRADE AND BILLS PAYABLES

	As at 30 June 2019 *RMB'000*
Trade payables	332,622
Bills payables	237,530
	570,152

As at 30 June 2019, bills payables were secured by bills receivables of RMB73,686,000.

The aging analysis of trade payables, based on the date of receipt of goods is as follows:

	As at 30 June 2019 *RMB'000*
0 to 180 days	290,628
181 – 365 days	30,789
1 – 2 years	9,999
Over 2 years	1,206
	332,622

The carrying amounts of Luoyang Company's trade payables are denominated in RMB.

24. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2019 *RMB'000*
Deposits received	3,488
Accrued salaries	45,450
Accrued expenses	5,606
Payable for property, plant and equipment	107,258
Other tax payable	3,401
Other payables	9,008
	174,211

The carrying amounts of Luoyang Company's accruals and other payables are denominated in the following currencies:

	As at 30 June 2019 *RMB'000*
RMB	174,135
US$	76
	174,211

25. CONTRACT LIABILITIES

	As at 30 June 2019 *RMB'000*
Billings in advance of performance obligation - arising from sales of lithium-ion battery	40,408

Contract liabilities mainly arise from non-refundable advance payments in relation to battery sales made by paying merchants while the underlying goods are yet to be provided.

Movements in contract liabilities:

	RMB'000
As at 1 January 2019	–
Increase in contract liabilities as a result of billing in advance of battery sales	40,408
As at 30 June 2019	40,408

As at 30 June 2019, the amount of billings in advance of performance received is expected to be recognised as income within 1 year.

26. BANK BORROWINGS

	As at 30 June 2019 *RMB'000*
Bank borrowing	633,934

The bank borrowings are repayable as follows:

	As at 30 June 2019 *RMB'000*
Within one year	263,556
More than one year, but not exceeding two years	242,720
More than two years, but not more than five years	127,658
	633,934
Less: Amount due for settlement within 12 months (shown under current liabilities)	(263,556)
Amount due for settlement after 12 months	370,378

The carrying amounts of the bank borrowings are denominated in the RMB. The average interest rates of the bank borrowings at 30 June 2019 were 4.99%. The bank borrowings are arranged at floating rates, thus exposing Luoyang to cash flow interest rate risk.

Certain of the Luoyang Company's banking facilities are subject to the fulfilment of covenants relating to certain of the Luoyang Company's financial position, performance and results. If the Luoyang Company was to breach the covenants, the drawn down facilities would become payable on demand. Luoyang Company regularly monitors its compliance with these covenants. As at 30 June 2019, none of the covenants relating to banking facilities had been breached.

27. LOANS FROM RELATED COMPANIES

	Note	As at 30 June 2019 RMB'000
China Aviation Industry Corporation Finance Co. Ltd.* (中航工業集團財務有限責任公司)	(a)	202,934
AVIC Electromechanical System Co., Ltd.* (中航機載系統有限公司)	(b)	99,036
		301,970

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

The purposes of the loans were for the construction of lithium-ion battery manufacturing plant and supplement of working capital.

(a) The loan was denominated in RMB, secured by a charge over Luoyang Company's machinery (note 12), interest bearing at 5.2% per annum and repayable on 26 October 2019.

(b) The loan was denominated in RMB, unsecured, interest bearing at 4.35% per annum and repayable on 27 August 2019.

28. LOAN FROM A SUBSIDIARY

The purpose of the loan was solely for the construction of lithium-ion battery manufacturing plant.

The loan was denominated in RMB, unsecured, interest bearing at 4.35% per annum and repayable before 1 July 2019.

29. LOAN FROM THE ULTIMATE HOLDING COMPANY

The purpose of the loan was solely for the construction of lithium-ion battery manufacturing plant.

The loan was denominated in RMB, unsecured, interest bearing at 1.08% per annum and repayable before 20 November 2020.

30. AMOUNTS DUE TO RELATED COMPANIES AND SUBSIDIARIES

The amount due to a fellow subsidiary and a subsidiary is unsecured, interest fee and repayable on demand.

31. PROVISIONS

	Warranties RMB'000
At 1 January 2019	11,093
Addition of provisions	6,928
Provisions used	(2,695)
At 30 June 2019	15,326

A provision for warranties is recognised when the underlying products are sold. Under the terms of Luoyang Company's sales agreements, Luoyang Company will rectify any product defects arising within predominantly 3 to 8 years from the date of sale. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account Luoyang Company's recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

32. DEFERRED INCOME

	As at 30 June 2019
	RMB'000
Government subsidies	168,552
Analysed as:	
Non-current liabilities	168,552

The movements in deferred income related to government grants and subsidies are as follows:

	RMB'000
As at 1 January 2019	181,965
Received during the period	1,608
Released to profit or loss	(15,021)
As at 30 June 2019	168,552

Various government grants have been received for basic research and development activities. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. A certain grant received relates to an asset is also credited to deferred income and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

33. DEFERRED TAX

Deferred tax liability

	Revaluation on intangible assets
	RMB'000
At 1 January 2019	42,298
Credit to profit or loss for the period *(note 8)*	(10,574)
At 30 June 2019	31,724

Deferred tax assets

	Allowance on inventory	Allowance on trade receivables	Deferred revenue	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	20,531	10,948	16,746	6,670	54,895
Credit/(charge) to profit or loss for the period *(note 8)*	474	(2,262)	(1,311)	666	(2,433)
At 30 June 2019	21,005	8,686	15,435	7,336	52,462

As at 30 June 2019, no deferred tax asset has been recognised in respect of tax losses amounted to RMB513,772,000 due to the unpredictability of future profit streams.

34. PAID-UP CAPITAL

	Registered capital
	RMB'000
As at 1 January 2019 and at 30 June 2019	990,867

35. CAPITAL COMMITMENTS

Commitments contracted for as at 30 June 2019 but not yet incurred are as follows:

	RMB'000
Property, plant and equipment	163,264
Intangible assets	499
	163,763

36. OPERATING LEASE ARRANGEMENTS

Luoyang Company as lessee

Luoyang Company regularly entered into short-term leases for office premises and warehouses. As at 30 June 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 9.

As at 30 June 2019, the outstanding lease commitments relating to these short-term leases are RMB235,000.

Luoyang Company as lessor

Operating leases relate to investment property owned by Luoyang Company with lease terms of 3 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	As at 30 June 2019
	RMB'000
Within one year	1,593
In the second year	1,593
Total	**3,186**

The following table presents the amounts reported in profit or loss:

	For the period from 1 January 2019 to 30 June 2019
	RMB'000
Lease income on operating leases	797

37. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, Luoyang Company had the following material transactions with its related parties during the period from 1 January 2019 to 30 June 2019:

	RMB'000
Revenue from an associate	49,647
Purchase from a subsidiary	117,392