

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[●], received from the Company’s reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CONTEMPORARY AMPEREX TECHNOLOGY CO., LIMITED AND [SPONSORS LIMITED]

Introduction

We report on the historical financial information of Contemporary Amperex Technology Co., Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[4] to I-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2022 and 2023 and 30 September 2024, the statements of financial position of the Company as at 31 December 2022 and 2023 and 30 September 2024, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022 and 2023 and nine months ended 30 September 2024 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on page I-[4] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Group’s consolidated financial position as at 31 December 2022 and 2023 and 30 September 2024, the Company’s financial position as at 31 December 2022 and 2023 and 30 September 2024, and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on

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our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

[Date]

[●]

Practising Certificate Number: [●]

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I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with International Standards on Auditing issued by IAASB (“Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (<i>unaudited</i>)	<i>RMB’000</i>
Revenue	5	328,593,988	400,917,045	294,677,251	259,044,749
Cost of sales		(270,629,780)	(323,982,130)	(237,675,466)	(194,352,590)
Gross profit		57,964,208	76,934,915	57,001,785	64,692,159
Research and development expenses . .	7	(15,510,453)	(18,356,108)	(14,875,734)	(13,073,136)
Administrative and other operating expenses		(8,103,787)	(10,526,439)	(8,217,842)	(8,488,817)
Selling expenses		(2,519,230)	(3,042,744)	(2,642,679)	(2,608,018)
Other income	6(a)	7,047,244	14,883,428	10,131,710	14,081,544
Other gains and losses, net	6(b)	1,285,908	410,724	(95,445)	(1,014,030)
Impairment losses		(3,973,175)	(6,107,968)	(3,096,622)	(7,543,427)
Finance costs	11	(2,132,375)	(3,446,516)	(2,317,681)	(2,966,060)
Share of results of associates and joint ventures, net	20	2,614,517	3,745,762	1,307,678	2,712,745
Profit before income tax		36,672,857	54,495,054	37,195,170	45,792,960
Income tax expense	12	(3,215,713)	(7,153,019)	(4,650,152)	(6,987,231)
Profit for the year/period		<u>33,457,144</u>	<u>47,342,035</u>	<u>32,545,018</u>	<u>38,805,729</u>
Attributable to:					
Owners of the Company	13	30,729,164	44,702,249	31,174,229	36,073,548
Non-controlling interests		2,727,980	2,639,786	1,370,789	2,732,181
		<u>33,457,144</u>	<u>47,342,035</u>	<u>32,545,018</u>	<u>38,805,729</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Profit for the year/period		33,457,144	47,342,035	32,545,018	38,805,729
Other comprehensive income/(loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
– Fair value changes on equity investments at fair value through other comprehensive income (“FVTOCI”), net of tax		3,523,744	(1,539,168)	(674,243)	(1,549,555)
– Share of other comprehensive (loss)/income of associates, net of tax		(63,238)	(1,688)	57,045	80,228
<i>Items that will be reclassified subsequently to profit or loss:</i>					
– Fair value changes on financial assets at FVTOCI, net of tax		(27,826)	(212,085)	(197,552)	184,224
– Share of other comprehensive income/(loss) of associates, net of tax		7,040	665,231	727,782	(99,159)
– Cash flow hedges, net of tax		250,538	(2,958,851)	(3,548,456)	503,193
– Exchange differences on translation of financial statements of foreign operations, net of tax . .		1,356,252	(665,298)	676,973	313,063
Other comprehensive income/(loss) for the year/period, net of tax		5,046,510	(4,711,859)	(2,958,451)	(568,006)
Total comprehensive income for the year/period		38,503,654	42,630,176	29,586,567	38,237,723
Attributable to:					
Owners of the Company		35,452,144	40,149,105	28,183,497	35,324,585
Non-controlling interests		3,051,510	2,481,071	1,403,070	2,913,138
		38,503,654	42,630,176	29,586,567	38,237,723
Earnings per share (“EPS”) for profit attributable to owners of the Company					
Basic (in RMB per share)	15(a)	7.18	10.19	7.10	8.21
Diluted (in RMB per share)	15(b)	7.16	10.18	7.09	8.20

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 September
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	16	126,763,261	145,095,647	140,383,315
Right-of-use assets	17	8,475,065	9,016,403	10,004,956
Goodwill	18	704,065	707,882	883,701
Intangible assets	19	1,914,033	7,037,407	5,339,739
Investments in associates and joint ventures	20	17,595,207	50,027,694	54,175,331
Financial assets at fair value through profit or loss (“FVTPL”)	21	2,645,307	2,816,190	2,980,958
Financial assets at FVTOCI	22	20,491,264	14,128,318	13,024,738
Prepayments, deposits and other assets	26	25,145,633	21,154,913	22,556,687
Deferred tax assets	29	9,483,660	17,395,585	22,121,063
		213,217,495	267,380,039	271,470,488
Current assets				
Inventories	23	76,668,899	45,433,890	55,215,275
Trade and bills receivables	24	61,492,601	65,772,258	66,995,151
Contract assets	25(a)	174,863	233,964	363,142
Prepayments, deposits and other assets	26	37,735,999	21,339,971	21,999,230
Financial assets at FVTPL	21	1,981,328	7,767	22,002,410
Financial assets at FVTOCI	22	18,965,715	55,289,319	40,403,230
Derivative financial instruments	27	575,638	—	—
Bank balances, deposits and cash	28	190,139,815	261,710,833	259,786,078
		387,734,858	449,788,002	466,764,516
Current liabilities				
Trade and bills payables	30	191,747,512	167,825,751	165,846,800
Contract liabilities	25(b)	22,444,785	23,982,352	22,651,662
Other payables and accruals	31	55,704,573	58,963,987	52,134,081
Borrowings	32	21,534,521	22,059,847	31,159,182
Lease liabilities	33	113,106	106,299	92,853
Derivative financial instruments	27	—	3,941,410	2,499,377
Income tax payable		4,216,924	10,121,425	6,686,743
		295,761,421	287,001,071	281,070,698
Net current assets		91,973,437	162,786,931	185,693,818
Total assets less current liabilities		305,190,932	430,166,970	457,164,306

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		As at 31 December		As at 30 September
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current liabilities				
Other payables and accruals	31	19,966,702	46,866,869	22,176,102
Contract liabilities	25(b)	6,910,284	6,093,840	5,460,757
Borrowings	32	79,327,247	104,035,996	98,899,221
Lease liabilities	33	572,350	283,296	716,797
Deferred tax liabilities	29	1,807,813	1,364,906	1,180,577
Provisions	34	19,697,375	51,638,913	65,430,209
		128,281,771	210,283,820	193,863,663
Net assets		176,909,161	219,883,150	263,300,643
EQUITY				
Share capital	35	2,442,515	4,399,041	4,402,376
Reserves	37	162,038,736	193,309,012	232,553,855
Equity attributable to owners of the Company		164,481,251	197,708,053	236,956,231
Non-controlling interests		12,427,910	22,175,097	26,344,412
Total equity		176,909,161	219,883,150	263,300,643

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December		As at
		2022	2023	30 September
		RMB'000	RMB'000	2024
				RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		18,970,006	14,662,965	12,468,051
Right-of-use assets		1,083,815	1,037,033	1,001,158
Intangible assets		128,360	115,445	144,830
Investments in subsidiaries		35,328,710	56,473,340	64,293,202
Investments in associates and joint ventures	20	14,167,097	14,090,253	14,324,355
Financial assets at FVTPL		812,088	967,188	1,096,735
Financial assets at FVTOCI		6,101,553	4,473,126	4,157,979
Prepayments, deposits and other assets . . .	26	10,055,286	8,505,854	8,118,432
Deferred tax assets		5,602,248	11,004,452	13,530,813
		<u>92,249,163</u>	<u>111,329,656</u>	<u>119,135,555</u>
Current assets				
Inventories		42,288,695	24,016,255	26,695,791
Trade and bills receivables	24	65,464,374	68,103,049	70,889,971
Contract assets		172,606	230,302	361,398
Prepayments, deposits and other assets . . .	26	57,517,664	37,945,461	41,342,529
Financial assets at FVTPL		—	—	14,651,026
Financial assets at FVTOCI		14,553,639	51,716,459	37,297,742
Derivative financial instruments		507,883	—	—
Bank balances, deposits and cash	28	134,445,173	170,158,532	172,212,172
		<u>314,950,034</u>	<u>352,170,058</u>	<u>363,450,629</u>
Current liabilities				
Trade and bills payables	30	159,031,290	144,982,984	131,450,995
Contract liabilities		23,232,269	24,060,818	21,562,389
Other payables and accruals	31	26,419,392	30,738,183	29,707,315
Borrowings	32	4,935,124	1,770,526	5,095,937
Lease liabilities		26,286	28,168	32,614
Derivative financial instruments		—	3,887,967	2,512,953
Income tax payable		2,155,754	7,387,638	4,090,658
		<u>215,800,115</u>	<u>212,856,284</u>	<u>194,452,861</u>
Net current assets		<u>99,149,919</u>	<u>139,313,774</u>	<u>168,997,768</u>
Total assets less current liabilities		<u>191,399,082</u>	<u>250,643,430</u>	<u>288,133,323</u>
Non-current liabilities				
Other payables and accruals	31	614,668	570,785	435,755
Borrowings	32	29,516,027	36,966,441	37,199,224
Lease liabilities		182,208	154,041	155,163
Deferred tax liabilities		866,642	708,838	681,053
Provisions	34	17,277,668	46,268,522	59,871,694
		<u>48,457,213</u>	<u>84,668,627</u>	<u>98,342,889</u>
Net assets		<u>142,941,869</u>	<u>165,974,803</u>	<u>189,790,434</u>
EQUITY				
Share capital	35	2,442,515	4,399,041	4,402,376
Reserves	37	140,499,354	161,575,762	185,388,058
Total equity		<u>142,941,869</u>	<u>165,974,803</u>	<u>189,790,434</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	2,330,851	(443,535)	43,163,697	4,208,320	–	1,158,471	34,095,467	84,513,271	8,108,903	92,622,174
Profit for the year	–	–	–	–	–	–	30,729,164	30,729,164	2,727,980	33,457,144
Other comprehensive income for the year	–	–	–	4,722,980	–	–	–	4,722,980	323,530	5,046,510
Total comprehensive income for the year	–	–	–	4,722,980	–	–	30,729,164	35,452,144	3,051,510	38,503,654
Share-based compensation expenses	–	–	556,931	–	–	–	–	556,931	–	556,931
Dividends declared (Note 14)	–	–	–	–	–	–	(1,593,064)	(1,593,064)	–	(1,593,064)
Appropriation of statutory reserve	–	–	–	–	–	55,832	(55,832)	–	–	–
Capital injection	111,664	189,544	45,145,888	–	–	–	–	45,447,096	2,092,259	47,539,355
Provision of special reserve	–	–	–	–	7,769	–	–	7,769	–	7,769
Utilisation of special reserve	–	–	–	–	(7,769)	–	–	(7,769)	–	(7,769)
Others	–	–	37,857	–	–	–	67,016	104,873	(824,762)	(719,889)
Transactions with owners	111,664	189,544	45,740,676	–	–	55,832	(1,581,880)	44,515,836	1,267,497	45,783,333
As at 31 December 2022	2,442,515	(253,991)	88,904,373	8,931,300	–	1,214,303	63,242,751	164,481,251	12,427,910	176,909,161

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	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total		
	RMB'000 Note 35	RMB'000 Note 35	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	2,442,515	(253,991)	88,904,373	8,931,300	–	1,214,303	63,242,751	164,481,251	12,427,910	176,909,161
Profit for the year	–	–	–	–	–	–	44,702,249	44,702,249	2,639,786	47,342,035
Other comprehensive loss for the year	–	–	–	(4,553,144)	–	–	–	(4,553,144)	(158,715)	(4,711,859)
Total comprehensive (loss)/income for the year	–	–	–	(4,553,144)	–	–	44,702,249	40,149,105	2,481,071	42,630,176
Appropriation of statutory reserve	–	–	–	–	–	978,263	(978,263)	–	–	–
Transfer of other comprehensive income to retained earnings	–	–	–	(2,849,933)	–	–	2,849,933	–	–	–
Share-based compensation expenses	–	–	668,969	–	–	–	–	668,969	7,753	676,722
Dividends declared (Note 14)	–	–	–	–	–	–	(6,154,689)	(6,154,689)	(420,940)	(6,575,629)
Capital injection	2,618	(1,318,981)	390,355	–	–	–	–	(926,008)	28,918,614	27,992,606
Conversion of capital reserve into share capital	1,953,908	–	(1,953,908)	–	–	–	–	–	–	–
Provision of special reserve	–	–	–	–	50,535	–	–	50,535	27,377	77,912
Utilisation of special reserve	–	–	–	–	(41,180)	–	–	(41,180)	(22,340)	(63,520)
Others	–	–	(683,575)	–	–	–	163,645	(519,930)	(21,244,348)	(21,764,278)
Transactions with owners	1,956,526	(1,318,981)	(1,578,159)	(2,849,933)	9,355	978,263	(4,119,374)	(6,922,303)	7,266,116	343,813
As at 31 December 2023	4,399,041	(1,572,972)	87,326,214	1,528,223	9,355	2,192,566	103,825,626	197,708,053	22,175,097	219,883,150

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	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 Note 35	RMB'000 Note 35	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 (audited)	2,442,515	(253,991)	88,904,373	8,931,300	-	1,214,303	63,242,751	164,481,251	12,427,910	176,909,161
Profit for the period	-	-	-	-	-	-	31,174,229	31,174,229	1,370,789	32,545,018
Other comprehensive (loss)/income for the period	-	-	-	(2,990,732)	-	-	-	(2,990,732)	32,281	(2,958,451)
Total comprehensive (loss)/income for the period	-	-	-	(2,990,732)	-	-	31,174,229	28,183,497	1,403,070	29,586,567
Transfer of other comprehensive income to retained earnings	-	-	-	(2,931,329)	-	-	2,931,329	-	-	-
Share-based compensation expenses	-	-	493,612	-	-	-	-	493,612	4,915	498,527
Dividends declared (Note 14)	-	-	-	-	-	-	(6,154,810)	(6,154,810)	(469,828)	(6,624,638)
Capital injection	801	4,579	129,122	-	-	-	-	134,502	28,324,939	28,459,441
Conversion of capital reserve into share capital	1,953,908	-	(1,953,908)	-	-	-	-	-	-	-
Provision of special reserve	-	-	-	-	13,472	-	-	13,472	-	13,472
Utilisation of special reserve	-	-	-	-	(6,597)	-	-	(6,597)	-	(6,597)
Others	-	-	(7,030,508)	-	-	-	-	(7,030,508)	(19,748,520)	(26,779,028)
Transactions with owners	1,954,709	4,579	(8,361,682)	(2,931,329)	6,875	-	(3,223,481)	(12,550,329)	8,111,506	(4,438,823)
As at 30 September 2023 (unaudited)	4,397,224	(249,412)	80,542,691	3,009,239	6,875	1,214,303	91,193,499	180,114,419	21,942,486	202,056,905

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	Attributable to owners of the Company									
	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 Note 35	RMB'000 Note 35	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	4,399,041	(1,572,972)	87,326,214	1,528,223	9,355	2,192,566	103,825,626	197,708,053	22,175,097	219,883,150
Profit for the period	-	-	-	-	-	-	36,073,548	36,073,548	2,732,181	38,805,729
Other comprehensive (loss)/income for the period	-	-	-	(748,963)	-	-	-	(748,963)	180,957	(568,006)
Total comprehensive (loss)/income for the period	-	-	-	(748,963)	-	-	36,073,548	35,324,585	2,913,138	38,237,723
Transfer of other comprehensive income to retained earnings	-	-	-	6,391	-	-	(6,391)	-	-	-
Share-based compensation expenses	-	-	674,610	-	-	-	-	674,610	9,588	684,198
Dividends declared (Note 14)	-	-	-	-	-	-	(22,058,085)	(22,058,085)	(450,171)	(22,508,256)
Capital injection	3,335	(1,203,161)	414,760	-	-	-	-	(785,066)	1,488,074	703,008
Provision of special reserve	-	-	-	-	54,410	-	-	54,410	10,425	64,835
Utilisation of special reserve	-	-	-	-	(30,661)	-	-	(30,661)	(248)	(30,909)
Others	-	-	26,068,385	-	-	-	-	26,068,385	198,509	26,266,894
Transactions with owners	3,335	(1,203,161)	27,157,755	6,391	23,749	-	(22,064,476)	3,923,593	1,256,177	5,179,770
As at 30 September 2024	4,402,376	(2,776,133)	114,483,969	785,651	33,104	2,192,566	117,834,698	236,956,231	26,344,412	263,300,643

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Cash flows from operating activities				
Proceeds from sales of goods	305,775,248	417,943,223	298,649,159	317,539,940
Proceeds from refund of other tax and surcharges	9,478,690	12,739,610	10,179,455	8,174,888
Cash received related to other operating activities	423,809	1,916,500	1,886,793	755,058
Interest income	3,489,711	6,334,318	4,066,443	4,423,780
Proceeds from other income	10,643,695	7,473,846	4,066,172	5,649,280
Cash paid for material and services	(235,327,104)	(310,521,178)	(233,164,147)	(220,637,020)
Cash paid for salaries	(18,157,352)	(21,140,597)	(15,791,826)	(19,328,624)
Income tax and other taxes paid	(10,529,733)	(17,117,191)	(13,852,837)	(23,235,105)
Cash paid related to other operating activities	(4,588,120)	(4,802,406)	(3,385,520)	(5,898,596)
<i>Net cash generated from operating activities .</i>	<u>61,208,844</u>	<u>92,826,125</u>	<u>52,653,692</u>	<u>67,443,601</u>
Cash flows from investing activities				
Proceeds from disposal of associates and joint ventures and financial assets at fair value .	1,307,996	7,651,159	7,200,836	512,533
Proceeds from disposal of property, plant and equipment, intangible assets and prepaid lease payments	594	12,853	6,339	55,631
Proceeds from disposal of subsidiaries	–	3,307	–	–
Proceeds from investment income	740,372	1,711,393	1,197,789	1,472,067
Proceeds from other investing activities	1,531,307	1,239,799	991,130	525,584
Purchase of property, plant and equipment, intangible assets and prepaid lease payments	(48,215,268)	(33,624,897)	(26,917,283)	(21,268,347)
Investments in associates and joint ventures and financial assets at fair value	(12,764,661)	(5,649,689)	(2,415,395)	(28,950,735)
Cash outflow from acquisition of subsidiaries.	–	(321,445)	–	(241,215)
Payments for other investing activities	(6,740,183)	(210,243)	(546)	–
<i>Net cash used in investing activities</i>	<u>(64,139,843)</u>	<u>(29,187,763)</u>	<u>(19,937,130)</u>	<u>(47,894,482)</u>

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		Year ended 31 December		Nine months ended 30 September	
	Note	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from financing activities					
Proceeds from private placement and restricted stock plan		45,362,948	397,548	134,540	422,688
Capital contribution from non-controlling interests		2,092,259	2,926,448	1,876,233	1,488,074
Proceeds from borrowings		55,957,727	46,595,746	39,935,305	17,823,561
Proceeds from other financing activities. . . .		208,178	366,758	103,625	–
Repayment of borrowings		(17,605,771)	(23,795,322)	(18,289,108)	(13,951,582)
Interest paid		(1,960,135)	(2,889,905)	(2,269,729)	(2,287,590)
Dividend paid to owners of the Company . . .		(1,591,335)	(6,121,360)	(6,121,360)	(22,075,205)
Dividend paid to non-controlling interests. . .		–	(469,828)	(469,828)	(496,051)
Payments for other financing activities		(197,440)	(2,293,723)	(49,020)	(1,419,575)
<i>Net cash generated from/(used in) financing activities</i>		<u>82,266,431</u>	<u>14,716,362</u>	<u>14,850,658</u>	<u>(20,495,680)</u>
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year/period		75,505,735	157,629,318	157,629,318	238,165,487
Effect of foreign exchange rate changes. . . .		<u>2,788,151</u>	<u>2,181,445</u>	<u>1,928,721</u>	<u>(2,265,022)</u>
Cash and cash equivalents at the end of the year/period	28	<u>157,629,318</u>	<u>238,165,487</u>	<u>207,125,259</u>	<u>234,953,904</u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC on 16 December 2011 and changed to a joint stock limited company on 15 December 2015. The Company’s A shares are listed on Shenzhen Stock Exchange on 11 June 2018. The address of the Company’s registered office and its principal place of business is No. 2, Xingang Road, Zhangwan Town, Jiaocheng District, Ningde City, Fujian Province, the PRC.

During the Track Record Period, the Company and its subsidiaries are principally engaged in the research, development, production and sales of electric vehicle (“EV”) batteries and energy storage system (“ESS”) batteries.

In the opinion of the directors, the Company’s immediate and ultimate holding company is Xiamen Ruiting Investment Co., Ltd., a company incorporated in the PRC and controlled by Dr. Zeng Yuqun.

In this Historical Financial Information, certain English name of the companies referred herein represent the management’s best effort to translate the Chinese name of the companies as no English name has been registered.

At the date of this Historical Financial Information, the Company’s principal subsidiaries are as follows:

Company name	Place of establishment/ incorporation and operation	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Jiangsu Contemporary Amperex Technology Limited (江蘇時代新能源科技有限公司) (Note (a))	The PRC	RMB1,000,000	100%	N/A	EV batteries and ESS batteries related business
United Auto Battery Co., Ltd. (時代上汽動力電池有限公司) (Note (d))	The PRC	RMB2,500,000	51%	N/A	EV batteries and ESS batteries related business
Sichuan Contemporary Amperex Technology Limited (“Sichuan Contemporary”) (四川時代新能源科技有限公司) (Note (a)).	The PRC	RMB5,303,005	79.20%	N/A	EV batteries and ESS batteries related business
Fuding Contemporary Amperex Technology Limited (福鼎時代新能源科技有限公司) (Note (b))	The PRC	RMB4,500,000	100%	N/A	EV batteries and ESS batteries related business
Guangdong Ruiqing Contemporary Amperex Technology Limited (廣東瑞慶時代新能源科技有限公司) (Note (c))	The PRC	RMB1,000,000	100%	N/A	EV batteries and ESS batteries related business
Ruiting Contemporary Amperex Technology (Shanghai) Limited (瑞庭時代(上海)新能源科技有限公司) (Note (a)) . .	The PRC	RMB500,000	100%	N/A	EV batteries and ESS batteries related business
Contemporary Amperex Technology (Hong Kong) Limited (Note (e))	Hong Kong	Hong Kong Dollars (“HK\$”) 6,756,363	100%	N/A	Trade and investment

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Company name	Place of establishment/ incorporation and operation	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Hunan Brunp Recycling Technology Co., Ltd (湖南邦普循環科技有限公司) (Note (a))	The PRC	RMB60,000	N/A	64.80%	Lithium-ion battery materials and recycling business
Ningbo Brunp Recycling Technology Co., Ltd (寧波邦普循環科技有限公司) (Note (a))	The PRC	RMB10,000	N/A	64.80%	Trade business of lithium-ion batteries materials

Notes:

- (a) The statutory financial statements of these entities for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC Accounting Standards for Business Enterprises (“PRC GAAP”) were audited by Grant Thornton (Special General Partnership), Certified Public Accountants, the PRC.
- (b) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC GAAP were audited by Fujian Anxin Certified Public Accountants Co., Ltd., Certified Public Accountants, the PRC and Grant Thornton (Special General Partnership), Certified Public Accountants, the PRC, respectively.
- (c) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC GAAP were audited by Zhaoqing Zhongpeng Certified Public Accountants, Certified Public Accountants, the PRC.
- (d) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with the PRC GAAP were audited by Da Hua Certified Public Accountants (Special General Partnership), Certified Public Accountants, the PRC.
- (e) The statutory financial statements of the entity for the years ended 31 December 2022 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.

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2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs and Interpretations approved by the International Accounting Standards Board (“IASB”). All IFRSs are effective for the accounting period beginning on 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The early adoption of the IFRSs do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised below. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not early adopted the following new and amended IFRSs which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards - Volume 11 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group’s operations. According to the preliminary assessment made by the management, no significant impact on the financial performance and positions of the Group is expected when they become effective.

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within the equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the owners of the Company.

Changes in the Group’s investments in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee’s pre or post-acquisition profits are recognised in the Company’s profit or loss.

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Acquisition of subsidiaries

(a) *Business combinations*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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(b) Asset acquisitions

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group’s policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In Historical Financial Information, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group’s share of the associate or joint venture’s profit or loss in the period in which the investment is acquired.

Under the equity method, the Group’s investment in the associate or joint venture is carried at cost and adjusted for the post-acquisition changes in the Group’s share of the associate or joint venture’s net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year/period includes the Group’s share of the post-acquisition, post-tax results of the associate or joint venture for the year/period, including any impairment loss on the investment in associate or joint venture recognised for the year/period. The Group’s other comprehensive income for the year/period includes its share of the associate or joint venture’s other comprehensive income for the year/period.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group’s investment in the associate or joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group’s perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture’s accounting policies to those of the Group when the associate or joint venture’s financial statements are used by the Group in applying the equity method.

When the Group’s share of losses in an associate or a joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group’s investment in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group’s other long-term investments that in substance form part of the Group’s net investment in the associate or joint venture.

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After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group’s investment in its associate or joint venture. At the end of each reporting period, the Group determines whether there is any objective evidence that the interest in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e., higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of partial investment in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

In the Company’s statements of financial position, investments in associates and joint ventures are stated at cost less impairment losses, unless being classified as held for sale (or included in a disposal group that is classified as held for sale).

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its major subsidiaries.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

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Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into RMB at the rates prevailing at the end of each reporting period.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group’s management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Properties and buildings	10 – 50 years
Machinery	3 – 10 years
Transportation equipment	3 – 10 years
Electronic equipment	3 – 10 years
Special equipment	3 – 25 years
Other equipment	3 – 10 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Right-of-use assets

Accounting policies of right-of-use assets (other than prepaid lease payments) are set out in “Leases” below.

Prepaid lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investments in associates and joint ventures is set out in “Associates and joint ventures” above.

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Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the Group’s interest in the net fair value of the acquiree’s identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group’s interest in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (“CGUs”) and is tested annually for impairment (see “Impairment of non-financial assets (other than contract assets)” below).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Patent rights and non-patented technology	Not over 10 years
Software	Not over 5 years
Mining and exploration rights	Not applicable

Mining rights are stated at cost less accumulated amortisation and any impairment losses while exploration rights are stated at cost less impairment losses. When exploration rights can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining rights and reserves and amortised by the unit of production method based on the proven and probable mineral reserves. Costs incurred for exploration which can be directly attributable to the development of mining infrastructure are transferred to mining infrastructure when the exploration reaches the stage of commercial production. All other costs will be transferred to mining rights and reserves. Mining rights and exploration rights are written off to profit or loss if the exploration property is abandoned.

The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are tested for impairment as described in “Impairment of non-financial assets (other than contract assets)” below.

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Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group’s ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- FVTOCI.

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The classification is determined by both:

- the Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for expected credit losses (“ECL”) on financial assets which is presented as a separate item in consolidated statements of profit or loss.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s bank balances, deposits and cash, trade and bills receivables, deposits and other assets fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “other comprehensive income reserve” in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “other comprehensive income reserve” will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to retained earnings.

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Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in “other income” in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade and bills payables, other payables and accruals, borrowings, corporate bonds, lease liabilities and derivative financial instruments.

The Group classifies financial liabilities that arise from supplier finance arrangement (“SFA”) within “Trade and bills payables” in the consolidated statements of financial position if they have a similar nature and function to trade payables. This is the case if the SFA is part of the working capital used in the Group’s normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the SFA are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from SFA that are classified in “Trade and bills payables” in the consolidated statements of financial position are included in operating activities in the consolidated statements of cash flows.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Trade and bills payables, other payables and accruals, borrowings and corporate bonds

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Details of accounting policy of derivative financial instruments are set out in “Derivative financial instruments” below.

Impairment of financial assets and contract assets

IFRS 9’s impairment requirements use forward-looking information to recognise ECL — the “ECL model”. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade and bills receivables, contract assets recognised and measured under IFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the end of the reporting period.

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Other financial assets measured at amortised cost and trade and bills receivables measured at FVTOCI

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

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Despite the foregoing, the Group assumes that the credit risk on trade and bills receivables measured at FVTOCI has not increased significantly since initial recognition if the trade and bills receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Trade and bills receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade and bills receivables, contract assets, other financial assets measured at amortised cost and trade and bills receivables measured at FVTOCI are set out in Note 46.

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risks and commodity price risks, including forward foreign exchange contracts, commodity contracts and currency deposit contracts. Further details of derivative financial instruments are set out in Note 27.

Derivative financial instruments are recognised at fair value at the end of each reporting period with gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedged accounting under IFRS 9. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined) on an ongoing basis. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchanges rates and commodity price.

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(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time are amortised to profit or loss over the remaining life of the hedged item. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(b) Cash flow hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in other comprehensive income reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in other gains and losses line item. Amounts previously recognised in other comprehensive income and accumulated in other comprehensive income reserve are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statements of profit or loss as the recognised hedged item.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 28.

Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in “Impairment of financial assets and contract assets” above and are reclassified to receivables when the right to the consideration has become unconditional.

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

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

Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within “other payables and accruals”. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 as set out in “Impairment of financial assets and contract assets” above and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

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The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statements of financial position, prepaid lease payments and leased properties and equipment have been included in “right-of-use-assets” under non-current assets.

Provisions, contingent liabilities and contingent assets

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

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered as contingent assets.

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Sales-related warranties

Sales-related warranties associated with EV batteries and ESS batteries cannot be purchased separately and are served as an assurance that the products sold comply with agreed-upon specifications (i.e. assurance-type warranties). Accordingly, the Group accounts for warranties as “Provision” in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Share capital

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition and other contract costs

(a) Revenue from contracts with customers

Revenue mainly arises from the following major sources:

- (i) sales of EV batteries;
- (ii) sales of ESS batteries;
- (iii) sales of battery materials from recycling process;
- (iv) sales of battery mineral resources; and
- (v) others.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1. Identifying the contract with a customer
- 2. Identifying the performance obligations
- 3. Determining the transaction price
- 4. Allocating the transaction price to the performance obligations
- 5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Group’s revenue and other income recognition policies are as follows:

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognized when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.

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Revenue for overseas sale of goods is recognized when the Company has declared the goods for customs clearance in accordance with the contract terms, and has obtained a customs clearance or received acceptance and other proof of receipt from the customers.

The Group provides after-sale service fee for its goods and makes the respective provisions. The Group does not provide any other additional services or after-sale service, therefore, such after-sale service does not constitute a separate performance obligation.

The Group has entered into contracts with certain customers that include sale rebate terms that may have a variable consideration. The Group makes the best estimate of the variable consideration on the basis of the expected value or the amount that is most likely to be incurred, provided that the transaction price containing the variable consideration does not exceed the amount at which it is highly probable that a material reversal of the cumulative recognized revenue will occur when the related uncertainty is eliminated.

Revenue from provision of services

Revenue from provision of services between the Group and its customers generally include technical services. If the customers obtain and consume the economic benefits brought by the Group’s performance when the Group has performed its obligations, the Group may treat its performance obligation has been satisfied within a certain period of time and recognize the respective revenue over time, except for those revenue where the progress of performance cannot be reasonably determined.

Revenue from provision of services is recognized when the Company has satisfied the corresponding performance obligation in accordance with the contract terms, and has received acceptance and other proof of receipt form the customers.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e., gross carrying amount net of ECL allowance) of the asset.

(b) Other contract costs

Contract costs are either the costs to fulfil a contract or the incremental costs of obtaining a contract.

Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer which are not capitalised as inventories, property, plant and equipment and intangible assets, the Group capitalises the costs incurred to fulfil a contract with a customer as an asset (included in “inventories” in the consolidated statements of financial position) if all of the following criteria are met:

- (i) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

An asset is amortised and charged to the profit or loss on a systematic basis (i.e. over the period of sales contracts that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is subject to impairment review. Other costs of fulfilling a contract, which are not capitalised, are expensed as incurred.

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Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

Impairment of non-financial assets (other than contract assets)

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of subsidiaries;
- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Company’s investments in subsidiaries, associates and joint ventures.

Goodwill and intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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Retirement benefits

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

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

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees including share option schemes and share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “capital reserve” in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

At the time when the share options are exercised, the amount previously recognised in “capital reserve” will be transferred to “share capital”. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in “capital reserve” will be transferred to “retained profits”.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

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- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the “CODM”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined by the Group’s major product and service lines.

The CODM has been identified as the executive directors of the Company, who determine the operating segments of the Group and review the Group’s internal reporting in order to assess performance and allocate resources. All of the Group’s business operations relate to the production and sales of battery system, battery materials and industrial products with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of fair value of financial instruments not traded in an active market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 45.

Impairment of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets

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

As at 31 December 2022 and 2023 and 30 September 2024, the aggregate carrying amounts of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets amounted to RMB137,089,629,000, net of impairment losses of RMB609,246,000, RMB161,086,727,000, net of impairment loss of RMB5,477,731,000 and RMB155,665,280,000, net of impairment losses of RMB10,323,838,000, respectively.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realisable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result.

As at 31 December 2022 and 2023 and 30 September 2024, the carrying amount of inventories amounted to RMB76,668,899,000, net of provision for inventories of RMB5,066,550,000, RMB45,433,890,000, net of provision for inventories of RMB4,583,174,000 and RMB55,215,275,000, net of provision for inventories of RMB5,503,865,000, respectively.

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Estimation of impairment of trade and bills receivables and contract assets

The Group makes allowances on trade and bills receivables and contract assets based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. As at 31 December 2022 and 2023 and 30 September 2024, the aggregate carrying amounts of trade and bills receivables and contract assets amounted to RMB61,667,464,000, net of ECL allowance of RMB1,840,226,000, RMB66,006,222,000, net of ECL allowance of RMB2,077,216,000 and RMB67,358,293,000, net of ECL allowance of RMB2,859,988,000, respectively.

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and bills receivables and contract assets, and credit losses in the periods in which such estimate has been changed.

Estimation of provision

As explained in Note 34, the sales contracts of EV batteries and ESS batteries entered into by the Group with its customers carry warranty provisions, which require the Group to bear the maintenance responsibility for the products sold during the after-sales service period committed by the Group, regardless of changes in the market price indices. The Group recognizes liabilities based on its best estimate of the maximum loss that may be incurred. Any increase or decrease in the provision would affect profit or loss in current and future years.

5. REVENUE AND SEGMENT INFORMATION

5.1 Revenue

The Group’s principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group derives revenue from the transfer of goods and services at a point in time or services over time were analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Type of goods and services				
– EV batteries	236,593,497	285,252,917	212,604,509	175,542,789
– ESS batteries.	44,980,277	59,900,522	41,699,132	46,418,980
– Battery materials and recycling . .	26,031,514	33,602,284	24,740,746	18,820,505
– Battery mineral resources	4,508,633	7,734,151	5,967,306	4,526,676
– Others	16,480,067	14,427,171	9,665,558	13,735,799
	<u>328,593,988</u>	<u>400,917,045</u>	<u>294,677,251</u>	<u>259,044,749</u>
Timing of revenue recognised				
– A point in time	327,499,175	399,737,118	293,805,542	258,055,321
– Over time.	1,094,813	1,179,927	871,709	989,428
	<u>328,593,988</u>	<u>400,917,045</u>	<u>294,677,251</u>	<u>259,044,749</u>

5.2 Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the CODM. The Group’s management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

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Geographical information

The following table sets out the information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location at which the services are provided or the goods are delivered.

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Revenue from external customers				
– Mainland China	251,670,828	269,924,895	197,285,988	178,977,485
– Other countries/regions	76,923,160	130,992,150	97,391,263	80,067,264
	<u>328,593,988</u>	<u>400,917,045</u>	<u>294,677,251</u>	<u>259,044,749</u>

The geographical location of non-current assets, mainly comprised of the property, plant and equipment (excluding exterior facilities and others), is based on the physical location of these assets. As at the end of each reporting period, more than 90% of the Group’s non-current assets are located within the PRC.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group’s revenue during the Track Record Period is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Revenue from external customers				
Customer A	<u>38,069,496</u>	<u>50,116,537</u>	<u>43,541,521</u>	<u>39,805,674</u>

Note: The revenue contributed from the above customer is derived from sales of EV batteries and ESS batteries.

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Interest income.	3,987,365	8,321,802	5,683,967	7,126,536
Others	<u>3,059,879</u>	<u>6,561,626</u>	<u>4,447,743</u>	<u>6,955,008</u>
	<u>7,047,244</u>	<u>14,883,428</u>	<u>10,131,710</u>	<u>14,081,544</u>

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(b) Other gains and losses, net

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fair value gains on financial assets at FVTPL	400,241	46,270	215,303	190,410
Losses on disposal of property, plant and equipment, right-of-use assets and intangible assets	(43,252)	(38,574)	(41,318)	(2,805)
Gains on disposal/deemed disposal of investments in subsidiaries, associates and joint ventures, net .	354,947	328,073	1,244,232	360,104
Interest income from financial assets at FVTPL	52,937	26,759	13,772	92,810
Losses from derecognition of financial assets at FVTOCI	(530,397)	(636,725)	(384,361)	(299,554)
Net foreign exchange gains/(losses) .	1,162,628	421,518	(1,337,459)	(1,109,380)
Others	(111,196)	263,403	194,386	(245,615)
	<u>1,285,908</u>	<u>410,724</u>	<u>(95,445)</u>	<u>(1,014,030)</u>

7. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Employee benefit expenses	6,139,594	7,421,248	6,095,833	6,233,063
Material cost	6,364,041	5,396,630	4,805,681	3,665,621
Others	3,006,818	5,538,230	3,974,220	3,174,452
	<u>15,510,453</u>	<u>18,356,108</u>	<u>14,875,734</u>	<u>13,073,136</u>

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8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling expenses and administrative and other operating expenses are analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation:				
– Property, plant and equipment (Note 16)	12,854,713	22,197,397	16,015,635	18,082,968
– Right-of-use assets (Note 17)	305,367	277,782	213,760	351,274
	<u>13,160,080</u>	<u>22,475,179</u>	<u>16,229,395</u>	<u>18,434,242</u>
Provision for/(Reversal of) impairment losses on assets, net				
– Goodwill (Note 18)	–	176,668	–	–
– Intangible assets (Note 19)	–	1,833,197	–	1,735,914
– Right-of-use assets (Note 17)	–	21,576	–	281,164
– Inventories	2,532,853	209,154	1,472,658	1,431,540
– Investments in associates (Note 20)	–	495,239	–	–
– Property, plant and equipment (Note 16)	285,364	3,095,494	1,359,261	3,207,986
– Contract assets	8,710	22,599	16,302	(4,895)
	<u>2,826,927</u>	<u>5,853,927</u>	<u>2,848,221</u>	<u>6,651,709</u>
Amortisation of intangible assets (Note 19)	92,466	170,803	96,999	157,369
Auditor’s remuneration	4,100	4,480	4,480	4,960
Direct cost of inventories recognised as an expense	226,656,083	255,662,877	192,285,179	146,350,209
ECL allowance on trade and other receivables, net (Notes 24, 26)	1,146,248	254,041	248,401	891,718
Short-term lease charges	567,331	961,968	653,501	748,042

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions . . .	22,080,888	26,669,204	20,667,597	22,010,505
Share-based compensation expenses . . .	556,931	676,722	498,527	684,198
	<u>22,637,819</u>	<u>27,345,926</u>	<u>21,166,124</u>	<u>22,694,703</u>

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(b) Directors’ emoluments

	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022			
Executive directors			
Dr. Zeng Yuqun	4,517	—	4,517
Mr. Li Ping	307	—	307
Mr. Zhou Jia	3,475	1,825	5,300
Mr. Pan Jian	—	—	—
Dr. Wu Kai	2,485	1,304	3,789
Mr. Huang Shilin (<i>Note (a)</i>)	2,224	—	2,224
Dr. Xin Rong (<i>Note (b)</i>)	8	—	8
Independent non-executive directors			
Dr. Xue Zuyun	200	—	200
Mr. Hong Bo	200	—	200
Dr. Cai Xiuling	200	—	200
Supervisors			
Mr. Wu Yingming	1,809	—	1,809
Ms. Feng Chunyan	2,034	—	2,034
Dr. Liu Na	1,336	—	1,336
	<u>18,795</u>	<u>3,129</u>	<u>21,924</u>
Year ended 31 December 2023			
Executive directors			
Dr. Zeng Yuqun	6,407	—	6,407
Mr. Li Ping	324	—	324
Mr. Zhou Jia	4,187	5,105	9,292
Mr. Pan Jian	137	—	137
Dr. Wu Kai (<i>Note (c)</i>)	2,882	1,956	4,838
Dr. Xin Rong	200	—	200
Dr. Ouyang Chuying (<i>Note (d)</i>)	5,390	—	5,390
Independent non-executive directors			
Dr. Xue Zuyun (<i>Note (e)</i>)	146	—	146
Mr. Hong Bo (<i>Note (f)</i>)	146	—	146
Dr. Cai Xiuling (<i>Note (g)</i>)	146	—	146
Mr. Lin Xiaoxiong (<i>Note (h)</i>)	—	—	—
Dr. Wu Yuhui (<i>Note (i)</i>)	54	—	54
Dr. Zhao Bei (<i>Note (j)</i>)	54	—	54
Supervisors			
Mr. Wu Yingming	2,165	—	2,165
Ms. Feng Chunyan	3,477	—	3,477
Dr. Liu Na	1,980	—	1,980
	<u>27,695</u>	<u>7,061</u>	<u>34,756</u>

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	Fees, salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000
Nine months ended 30 September 2023			
(unaudited)			
Executive directors			
Dr. Zeng Yuqun	5,675	—	5,675
Mr. Li Ping	242	—	242
Mr. Zhou Jia	3,693	4,014	7,707
Mr. Pan Jian	55	—	55
Dr. Wu Kai (<i>Note (c)</i>)	3,267	1,956	5,223
Dr. Xin Rong	154	—	154
Dr. Ouyang Chuying (<i>Note (d)</i>)	4,934	—	4,934
Independent non-executive directors			
Dr. Xue Zuyun (<i>Note (e)</i>)	146	—	146
Mr. Hong Bo (<i>Note (f)</i>)	146	—	146
Dr. Cai Xiuling (<i>Note (g)</i>)	146	—	146
Mr. Lin Xiaoxiong (<i>Note (h)</i>)	—	—	—
Dr. Wu Yuhui (<i>Note (i)</i>)	4	—	4
Dr. Zhao Bei (<i>Note (j)</i>)	4	—	4
Supervisors			
Mr. Wu Yingming	1,882	—	1,882
Ms. Feng Chunyan	3,113	—	3,113
Dr. Liu Na	1,735	—	1,735
	<u>25,196</u>	<u>5,970</u>	<u>31,166</u>
Nine months ended 30 September 2024			
Executive directors			
Dr. Zeng Yuqun	5,011	—	5,011
Mr. Li Ping	434	—	434
Mr. Zhou Jia	2,834	3,151	5,985
Mr. Pan Jian	246	—	246
Dr. Xin Rong	150	—	150
Dr. Ouyang Chuying	2,699	—	2,699
Independent non-executive directors			
Mr. Lin Xiaoxiong	—	—	—
Dr. Wu Yuhui	150	—	150
Dr. Zhao Bei	150	—	150
Supervisors			
Mr. Wu Yingming	1,802	—	1,802
Ms. Feng Chunyan	3,003	—	3,003
Dr. Liu Na	1,500	—	1,500
	<u>17,979</u>	<u>3,151</u>	<u>21,130</u>

Notes:

- (a) Mr. Huang Shilin resigned as an executive director of the Company on 1 August 2022;
- (b) Dr. Xin Rong appointed as an executive director of the Company on 16 November 2022;
- (c) Dr. Wu Kai resigned as an executive director of the Company on 21 June 2023;
- (d) Dr. Ouyang Chuying appointed as an executive director of the Company on 24 August 2023;
- (e) Dr. Xue Zuyun resigned as an independent non-executive director of the Company upon expiry of his term of office on 24 August 2023;

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- (f) Mr. Hong Bo resigned as an independent non-executive director of the Company upon expiry of his term of office on 24 August 2023;
- (g) Dr. Cai Xiuling resigned as an independent non-executive director of the Company upon expiry of her term of office on 24 August 2023;
- (h) Mr. Lin Xiaoxiong appointed as an independent non-executive director of the Company on 24 August 2023;
- (i) Dr. Wu Yuhui appointed as an independent non-executive director of the Company on 24 August 2023; and
- (j) Dr. Zhao Bei appointed as an independent non-executive director of the Company on 24 August 2023.

10. FIVE HIGHEST PAID INDIVIDUALS

During the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024, the five highest paid individuals included 2, 1, 1 and nil directors, respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 3, 4, 4 and 5 individuals during the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024 are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	13,388	16,287	19,363	28,675
Share-based compensation	2,390	33,445	11,827	50,982
	<u>15,778</u>	<u>49,732</u>	<u>31,190</u>	<u>79,657</u>

The emoluments fell within the following bands:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
			(unaudited)	
HK\$4,000,001-HK\$6,000,000	1	—	—	—
HK\$6,000,001-HK\$8,000,000	2	—	—	—
HK\$8,000,001-HK\$10,000,000	—	—	4	—
HK\$12,000,001-HK\$14,000,000	—	3	—	—
HK\$14,000,001-HK\$16,000,000	—	1	—	3
HK\$18,000,001-HK\$20,000,000	—	—	—	1
HK\$22,000,001-HK\$24,000,000	—	—	—	1
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

11. FINANCE COSTS

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest expense on borrowings	2,167,340	3,720,103	2,447,788	3,138,124
Interest expense on lease liabilities	27,977	17,783	13,500	35,964
	<u>2,195,317</u>	<u>3,737,886</u>	<u>2,461,288</u>	<u>3,174,088</u>
Less: interest capitalised	(62,942)	(291,370)	(143,607)	(208,028)
	<u>2,132,375</u>	<u>3,446,516</u>	<u>2,317,681</u>	<u>2,966,060</u>

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12. INCOME TAX EXPENSE

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax	7,657,395	14,805,611	8,724,149	11,532,855
Deferred income tax (<i>Note 29</i>)	(4,441,682)	(7,652,592)	(4,073,997)	(4,545,624)
Income tax expense	<u>3,215,713</u>	<u>7,153,019</u>	<u>4,650,152</u>	<u>6,987,231</u>

Reconciliation between tax expense and accounting profit at applicable tax rates is as follow:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax	36,672,857	54,495,054	37,195,170	45,792,960
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	5,979,743	8,751,429	6,276,386	7,204,245
Tax effect of				
– share of results of associates and joint ventures	(437,782)	(769,590)	(261,569)	(657,317)
– non-deductible expenses	42,730	113,080	15,949	34,238
– non-taxable revenue	(354,370)	(302,667)	(302,092)	(177,941)
– deductible temporary differences not recognised.	381,935	1,306,608	328,336	1,770,830
– utilisation of tax losses previously not recognised.	(430,133)	(137,011)	(41,908)	(17,659)
– change in tax rate on the opening deferred tax balance	(317,679)	26,875	809	5,172
– under/(over) provision in respect of prior years/periods	69,598	(174,979)	(174,979)	19,345
– additional deduction on research and development expense	(1,836,624)	(1,576,321)	(1,439,820)	(1,184,723)
– others	118,295	(84,405)	249,040	(8,959)
Income tax expense	<u>3,215,713</u>	<u>7,153,019</u>	<u>4,650,152</u>	<u>6,987,231</u>

PRC Enterprise Income Tax (“EIT”)

The income tax provision of certain PRC entities of the Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

The preferential income tax rate applicable to certain subsidiaries of the Group within the scope of the China’s Western Development Programme was 15% for the Track Record Period.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15%.

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Pursuant to the relevant laws and regulations in the PRC, one of the PRC subsidiaries is a key software enterprise encouraged by the state, and it will be exempted from EIT from the first year to the fifth year from the year of profit, and the EIT will be taxed at 10% starting from the sixth year. The subsidiary recorded profit since 2022.

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

Corporate income tax in other jurisdictions

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024, the profit for the year/period attributable to owners of the Company amounted to RMB30,729,164,000, RMB44,702,249,000, RMB31,174,229,000 and RMB36,073,548,000, respectively.

14. DIVIDENDS

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dividends attributable to the year/period				
Interim dividends	1,593,064	—	—	—
Final and special dividends	—	6,154,689	6,154,810	22,058,085
	<u>1,593,064</u>	<u>6,154,689</u>	<u>6,154,810</u>	<u>22,058,085</u>

The interim dividends of RMB6.53 per 10 shares (tax inclusive) in respect of the year ended 31 December 2022 were approved by the Extraordinary General Meeting of the Group.

The final dividends of RMB25.20 per 10 shares (tax inclusive) in respect of the year ended 31 December 2022 were approved in 2022 Annual General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2022. The final dividends were paid on 26 April 2023.

The final dividends of RMB20.11 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2023. The final dividends were paid on 30 April 2024.

The special dividends of RMB30.17 per 10 shares (tax inclusive) in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the year ended 31 December 2023. The special dividends were paid on 30 April 2024.

The special dividends of RMB12.30 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 were approved in 2024 Extraordinary General Meeting of the Group. The Group had not been recognised as a liability but reflected as an appropriation of retained profits for the nine months ended 30 September 2024. The special dividends were paid on 23 January 2025.

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15. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and share information used in the calculation of basic EPS:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Profit attributable to owners of the Company used in calculating basic EPS	30,729,164	44,702,249	31,174,229	36,073,548
Weighted average number of ordinary shares in issue (thousand shares)	4,281,870	4,386,751	4,389,255	4,396,033
Basic EPS (RMB)	7.18	10.19	7.10	8.21

(b) Diluted EPS

The share schemes granted by the Company and the subsidiaries have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Profit attributable to owners of the Company used in calculating diluted EPS	30,729,164	44,702,249	31,174,229	36,073,548
Weighted average number of ordinary shares in issue (thousand shares)	4,281,870	4,386,751	4,389,255	4,396,033
Adjustments for potential shares arising from share schemes (thousand shares)	14,158	4,964	7,079	3,507
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares) . . .	4,296,028	4,391,715	4,396,334	4,399,540
Diluted EPS (RMB)	7.16	10.18	7.09	8.20

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16. PROPERTY, PLANT AND EQUIPMENT

The Group

As at 1 January 2022

	Properties and buildings	Machinery	Transportation equipment	Electronic equipment	Special equipment	Other equipment	Exterior facilities and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	15,741,417	41,434,310	158,895	1,195,303	–	167,243	1,276,741	30,998,160	90,972,069
Accumulated depreciation	(1,537,428)	(14,754,766)	(86,713)	(554,086)	–	(118,763)	(12,402)	–	(17,064,158)
Accumulated impairment	–	(369,476)	–	(597)	–	(6)	–	–	(370,079)
Net carrying amount	14,203,989	26,310,068	72,182	640,620	–	48,474	1,264,339	30,998,160	73,537,832

Year ended 31 December 2022

	Properties and buildings	Machinery	Transportation equipment	Electronic equipment	Special equipment	Other equipment	Exterior facilities and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening net carrying amount	14,203,989	26,310,068	72,182	640,620	–	48,474	1,264,339	30,998,160	73,537,832
Additions	12,895	217,754	33,653	21,461	2,327	13,006	326,769	65,758,746	66,386,611
Disposals	(1,204)	(218,982)	(1,725)	(16,365)	–	(2,575)	–	–	(240,851)
Depreciation	(1,270,155)	(10,241,442)	(36,115)	(369,908)	(1,514)	(41,445)	(894,134)	–	(12,854,713)
Impairment	–	(285,353)	–	(11)	–	–	–	–	(285,364)
Transfer from construction in progress . .	19,648,408	39,073,931	27,144	776,121	177,234	58,615	1,597,802	(61,359,255)	–
Exchange realignment	89,563	125,113	3,147	5,849	–	(3,926)	–	–	219,746
Closing net carrying amount	32,683,496	54,981,089	98,286	1,057,767	178,047	72,149	2,294,776	35,397,651	126,763,261

As at 31 December 2022 and 1 January 2023

	Properties and buildings	Machinery	Transportation equipment	Electronic equipment	Special equipment	Other equipment	Exterior facilities and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	35,494,356	80,182,457	195,424	1,928,457	179,561	233,294	3,201,313	35,397,651	156,812,513
Accumulated depreciation	(2,810,860)	(24,592,725)	(97,138)	(870,087)	(1,514)	(161,145)	(906,537)	–	(29,440,006)
Accumulated impairment	–	(608,643)	–	(603)	–	–	–	–	(609,246)
Net carrying amount	32,683,496	54,981,089	98,286	1,057,767	178,047	72,149	2,294,776	35,397,651	126,763,261

Year ended 31 December 2023

	Properties and buildings	Machinery	Transportation equipment	Electronic equipment	Special equipment	Other equipment	Exterior facilities and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening net carrying amount	32,683,496	54,981,089	98,286	1,057,767	178,047	72,149	2,294,776	35,397,651	126,763,261
Additions	130,422	436,435	18,472	47,307	129,430	13,904	261,893	43,300,590	44,338,453
Disposals	(2,834)	(669,113)	(2,136)	(3,570)	–	(6,440)	–	–	(684,093)
Depreciation	(2,367,091)	(18,233,958)	(24,637)	(390,744)	(35,546)	(46,155)	(1,099,266)	–	(22,197,397)
Impairment	(296,651)	(2,315,427)	–	(55)	–	(1,754)	–	(481,607)	(3,095,494)
Transfer from construction in progress . .	22,573,587	25,916,825	11,414	324,280	1,017,532	122,712	3,238,377	(53,204,727)	–
Exchange realignment	(66,712)	34,078	802	1,354	–	1,395	–	–	(29,083)
Closing net carrying amount	52,654,217	60,149,929	102,201	1,036,339	1,289,463	155,811	4,695,780	25,011,907	145,095,647

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As at 31 December 2023 and 1 January 2024

	Properties and buildings	Machinery	Transportation equipment	Electronic equipment	Special equipment	Other equipment	Exterior facilities and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	58,150,262	105,210,440	222,144	2,288,226	1,326,524	357,678	6,701,582	25,493,514	199,750,370
Accumulated depreciation	(5,199,394)	(42,218,183)	(119,943)	(1,251,267)	(37,061)	(200,115)	(2,005,802)	–	(51,031,765)
Accumulated impairment	(296,651)	(2,842,328)	–	(620)	–	(1,752)	–	(481,607)	(3,622,958)
Net carrying amount	52,654,217	60,149,929	102,201	1,036,339	1,289,463	155,811	4,695,780	25,011,907	145,095,647

Nine months ended 30 September 2024

Opening net carrying amount	52,654,217	60,149,929	102,201	1,036,339	1,289,463	155,811	4,695,780	25,011,907	145,095,647
Additions	177,694	375,867	22,857	30,620	222,864	1,812	90,894	17,142,054	18,064,662
Disposals	(59,271)	(585,311)	(9,419)	(1,793)	(224)	(28,887)	–	–	(684,905)
Depreciation	(2,260,885)	(14,296,336)	(21,300)	(277,687)	(136,870)	(73,338)	(1,016,552)	–	(18,082,968)
Impairment	(946,205)	(1,508,303)	–	(29)	(151,435)	–	–	(602,014)	(3,207,986)
Transfer from construction in progress	3,887,440	9,180,602	11,707	200,329	1,671,654	47,587	758,735	(15,758,054)	(592,919)
Transfer to right-of-use assets	–	–	–	–	–	–	–	(592,919)	(208,216)
Exchange realignment	(93,917)	(177,990)	1,831	(364)	–	62,224	–	–	–
Closing net carrying amount	53,359,073	53,138,458	107,877	987,415	2,895,452	165,209	4,528,857	25,200,974	140,383,315

As at 30 September 2024

Cost	62,134,845	111,887,577	267,382	2,494,915	3,240,019	434,346	7,551,212	25,866,475	213,876,771
Accumulated depreciation	(7,443,981)	(54,566,477)	(159,505)	(1,507,187)	(193,132)	(267,385)	(3,022,355)	–	(67,160,022)
Accumulated impairment	(1,331,791)	(4,182,642)	–	(313)	(151,435)	(1,752)	–	(665,501)	(6,333,434)
Closing net carrying amount	53,359,073	53,138,458	107,877	987,415	2,895,452	165,209	4,528,857	25,200,974	140,383,315

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Notes:

(a) Impairment of property, plant and equipment

Manufacture EV batteries (the “Battery CGUs”)

During the Track Record Period, management of the Company conducted the impairment assessments on certain Battery CGUs. The value-in-use calculations were based on the cash flow projections based on the latest financial budgets approved by the Company’s management covering a five-year period. Management determines annual sales rate to be a key assumption as it is the main driver for revenue and costs in each period. The annual sales growth rate is determined based on past performance, management’s expectation of market development and the expected production capacity of the battery related assets. The pre-tax discount rate used reflects specific risks relating to the relevant business.

Battery mineral resources (the “Mining CGUs”)

During the Track Record Period, the management performed impairment assessments of certain Mining CGUs. The recoverable amounts of the Mining CGUs had been determined based on value-in-use calculations using cash flow projections over the expected life of the mine, which based on budgeted sales and operating costs of the business and working capital needs that have taking into consideration of the future economic conditions, expected production capacity, ore reserve estimates, ore prices, cost of production over the expected life of the mine and the pre-tax discount rate.

- (b) The Group’s properties and buildings are located in the PRC and the carrying amounts of the properties and buildings amounted to RMB18,111,472,000, RMB9,823,033,000 and RMB8,062,883,000 as at 31 December 2022 and 2023 and 30 September 2024, respectively, are in the process of obtaining the property ownership certificates. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group’s consolidated statements of financial positions as at 31 December 2022 and 2023 and 30 September 2024.

The Group has pledged certain property, plant and equipment with the following carrying amounts to secure borrowings granted to the Group. Details of the Group’s assets pledged for the Group’s borrowings are disclosed in Note 40 to the Historical Financial Information.

	As at 31 December		As at 30 September
	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Properties and buildings	3,091,075	3,603,968	5,196,632
Machinery.	2,283,080	223,837	1,437,558
Construction in progress	254,070	1,139,761	1,268,763
Total	<u>5,628,225</u>	<u>4,967,566</u>	<u>7,902,953</u>

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17. RIGHT-OF-USE ASSETS

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Prepaid lease payments	Leased properties and equipment	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	4,238,119	678,625	4,916,744
Additions	3,532,085	338,191	3,870,276
Disposals	(290)	(6,298)	(6,588)
Depreciation	(143,983)	(161,384)	(305,367)
As at 31 December 2022 and 1 January 2023	7,625,931	849,134	8,475,065
Additions	1,219,927	115,140	1,335,067
Disposals	(25,624)	(468,747)	(494,371)
Depreciation	(160,189)	(117,593)	(277,782)
Impairment	(21,576)	–	(21,576)
As at 31 December 2023 and 1 January 2024	8,638,469	377,934	9,016,403
Additions	412,364	684,051	1,096,415
Disposals	(64,491)	(3,852)	(68,343)
Depreciation	(189,683)	(161,591)	(351,274)
Impairment	(281,164)	–	(281,164)
Transfer from construction in progress	592,919	–	592,919
As at 30 September 2024	9,108,414	896,542	10,004,956

Certain prepaid lease payments are pledged for the Group’s borrowings, details are disclosed in Note 40 to the Historical Financial Information.

18. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<u>At the beginning of the year/period</u>			
Gross carrying amount	527,851	704,065	884,550
Accumulated impairment	–	–	(176,668)
	<u>527,851</u>	<u>704,065</u>	<u>707,882</u>
Net carrying amount at the beginning of the year/period	527,851	704,065	707,882
Acquisition of subsidiaries (<i>Note 47.1</i>)	176,214	239,311	181,080
Impairment (<i>Note (a)</i>)	–	(176,668)	–
Disposal of a subsidiary	–	(98,468)	–
Deregistration of a subsidiary	–	(25,612)	–
Exchange realignment	–	65,254	(5,261)
Net carrying amount at the end of the year/period	<u>704,065</u>	<u>707,882</u>	<u>883,701</u>
<u>At the end of the year/period</u>			
Gross carrying amount	704,065	884,550	1,060,369
Accumulated impairment	–	(176,668)	(176,668)
	<u>704,065</u>	<u>707,882</u>	<u>883,701</u>

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Notes:

- (a) At the end of each reporting period, the recoverable amounts of all CGUs have been assessed by management, which were determined based on value-in-use calculations covering a detailed five-year budget plan followed by an extrapolation of expected cash flows. The recoverable amounts for the CGUs, excluding one of the CGUs, were assessed to exceed their carrying amounts as at 31 December 2022, 2023 and 30 September 2024. Accordingly, no impairment loss has been recognised for these CGUs.

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of that CGU. According to the management’s estimation of the recoverable amount of that CGU, an impairment loss of RMB176,668,000 was recognised.

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment of these CGUs:

- (i) Revenue growth rate and terminal growth rate

Based on past performance and management’s expectations for market development. For prudence sake, the management considered the terminal growth rate as Nil for the CGUs.

- (ii) Pre-tax discount rate

The pre-tax discount rate used is before tax and reflects specific risk relating to the relevant unit.

- (b) Apart from the considerations described in determining the value-in-use of the CGUs above, the Group’s management is not currently aware of any other probable changes that would necessitate changes in its key estimates and could cause the CGUs’ carrying amounts to exceed their recoverable amounts.

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19. INTANGIBLE ASSETS

	Patent rights and non-patented technologies	Software	Mining and exploration rights	Trademarks and domain names	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022					
Cost	344,481	341,397	–	62,730	748,608
Accumulated amortisation	(272,975)	(234,146)	–	–	(507,121)
Net carrying amount	71,506	107,251	–	62,730	241,487
Year ended 31 December 2022					
Opening net carrying amount	71,506	107,251	–	62,730	241,487
Additions	78,098	198,408	1,490,717	–	1,767,223
Disposals	–	(2,211)	–	–	(2,211)
Amortisation	(44,957)	(46,690)	(819)	–	(92,466)
Closing net carrying amount	104,647	256,758	1,489,898	62,730	1,914,033
As at 31 December 2022 and 1 January 2023					
Cost	422,579	501,817	1,490,717	62,730	2,477,843
Accumulated amortisation	(317,932)	(245,059)	(819)	–	(563,810)
Net carrying amount	104,647	256,758	1,489,898	62,730	1,914,033
Year ended 31 December 2023					
Opening net carrying amount	104,647	256,758	1,489,898	62,730	1,914,033
Additions (<i>Note (a)</i>)	490,525	193,137	6,454,813	–	7,138,475
Disposals	(9,750)	(1,351)	–	–	(11,101)
Amortisation	(56,789)	(100,639)	(13,375)	–	(170,803)
Impairment (<i>Note (b)</i>)	–	–	(1,833,197)	–	(1,833,197)
Closing net carrying amount	528,633	347,905	6,098,139	62,730	7,037,407
As at 31 December 2023 and 1 January 2024					
Cost	897,323	693,219	7,945,530	62,730	9,598,802
Accumulated amortisation	(368,690)	(345,314)	(14,194)	–	(728,198)
Accumulated impairment	–	–	(1,833,197)	–	(1,833,197)
Net carrying amount	528,633	347,905	6,098,139	62,730	7,037,407
Nine months ended 30 September 2024					
Opening net carrying amount	528,633	347,905	6,098,139	62,730	7,037,407
Additions	1,476	101,888	93,412	–	196,776
Disposals	(708)	(453)	–	–	(1,161)
Amortisation	(103,082)	(29,566)	(24,721)	–	(157,369)
Impairment (<i>Note (b)</i>)	–	–	(1,735,914)	–	(1,735,914)
Closing net carrying amount	426,319	419,774	4,430,916	62,730	5,339,739
As at 30 September 2024					
Cost	898,091	756,860	8,038,942	62,730	9,756,623
Accumulated amortisation	(471,772)	(337,086)	(38,915)	–	(847,773)
Accumulated impairment	–	–	(3,569,111)	–	(3,569,111)
Closing net carrying amount	426,319	419,774	4,430,916	62,730	5,339,739

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Notes:

- (a) The additions during the year ended 31 December 2023 were mainly due to the acquisition of assets from Yajiang Snowway Mining Development Co., Ltd. amounted to RMB5,860,546,000. Details of which are disclosed in Note 47.2 to the Historical Financial Information.
- (b) As at 31 December 2023 and 30 September 2024, management determined that the mining and exploration rights of certain subsidiaries were impaired due to the market price of the lithium concentrate has dropped significantly since 2023, and management expected the price is still in a downtrend. Hence, management had performed an impairment assessment on certain Mining CGUs for these reporting periods. The recoverable amounts of these Mining CGUs were measured based on value-in-use calculations using cash flow projections based on financial budgets approved by management.

The following describes each key assumption on which management has based on its cash flow projections to undertake the impairment testing of these Mining CGUs:

- (i) Pre-tax discount rate

The pre-tax discount rate used is before tax and reflects specific risks relating to the relevant unit.
- (ii) Revenue growth rate

The revenue growth rate is based on the productive capacity.
- (iii) Projection period

The projection period is determined on a comprehensive basis based on the recoverable reserves of the mine owned by the Company and the Company’s production capacity.
- (c) Certain intangible assets are pledged for the Group’s borrowings, details are disclosed in Note 40 to the Historical Financial Information.

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20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) Investments in associates

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Unlisted investments	13,957,194	16,953,481	19,264,150
Listed investments.	2,918,368	32,014,354	33,408,027
	<u>16,875,562</u>	<u>48,967,835</u>	<u>52,672,177</u>
At the beginning of the year/period	9,569,932	16,875,562	48,967,835
Additions (<i>Note (i)</i>)	4,317,177	31,292,971	1,693,338
Disposals	(167,768)	(2,060,741)	(62,121)
Share of results, net.	2,622,188	3,589,347	2,766,269
Share of other comprehensive (loss)/income, net .	(56,198)	524,934	821
Share of non-controlling interest	–	138,609	(19,752)
Gain on deemed disposal of investments in associates.	–	581,001	72,474
Change in other equity	–	766,860	26,696
Dividends declared	(296,062)	(1,780,523)	(1,186,128)
Exchange differences	107,516	(21,955)	(58,154)
Unrealised profit/(loss)	778,777	(442,991)	470,899
Less: provision for impairment loss	–	(495,239)	–
At the end of the year/period	<u>16,875,562</u>	<u>48,967,835</u>	<u>52,672,177</u>

Notes:

- (i) The Group’s investments in associates mainly included the investments in CMOC Group Limited. Details of the investments in CMOC Group Limited are disclosed in Note 47.2 to the Historical Financial Information. The acquisition was completed on 10 March 2023. CMOC Group Limited is a public listed company, and the Group as the second-largest shareholder, the Group’s management believes it has significant influence over the associate. In the opinion of the management, except for CMOC Group Limited, there is no other investment in associate that is individually material to the Group.
- (ii) Management has assessed the level of influence that the Group exercises on other associates and determined that it has significant influence through the board representation and other relevant facts and circumstances, even though the respective shareholding of some investments is below 20%. Accordingly, these investments have been classified as associates.

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(iii) There were no material contingent liabilities relating to the Group’s investments in associates.

CMOC Group Limited has published its consolidated financial statements for public use at the website of the Stock Exchange. The proportion of the Group’s ownership to the associate is 24.68% as at 31 December 2023 and 30 September 2024 and the carrying amount of the Group’s investment in the associate is reconciled by the Group’s share of net assets of the associate and the fair value uplift and other adjustments.

The following table illustrates the aggregated financial information of associates that are not individually material:

	Year ended 31 December		Nine months ended 30 September
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates	16,875,562	20,052,713	22,200,322
Share of results, net.	2,622,188	1,700,532	746,030
Share of total comprehensive income	2,565,990	1,697,685	822,059

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Unlisted investments	10,753,264	10,168,524	10,074,728
Listed investments.	2,722,081	2,889,763	2,779,686
	13,475,345	13,058,287	12,854,414
At the beginning of the year/period	9,667,499	13,475,345	13,058,287
Additions	2,352,528	665,600	135,630
Disposals	(48,035)	(1,679,340)	–
Share of results, net.	1,816,911	559,776	(381,585)
Share of other comprehensive income, net	(56,198)	(2,474)	76,021
Gain on deemed disposal of investments in associates.	–	450,163	72,474
Change in other equity	–	601,288	–
Dividends declared	(257,360)	(616,280)	(106,413)
Less: provision for impairment loss	–	(395,791)	–
At the end of the year/period	13,475,345	13,058,287	12,854,414

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(b) Investments in joint ventures

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<u>Unlisted investments</u>			
At the beginning of the year/period	1,379,101	719,645	1,059,859
Additions	58,070	145,000	704,551
Disposals	(37,693)	–	–
Share of results, net.	(7,671)	156,415	(53,524)
Change in other equity	–	38,799	–
Dividends declared	–	–	(6,832)
Transfer to a subsidiary (<i>Note (iii)</i>)	(672,162)	–	(200,900)
At the end of the year/period	<u>719,645</u>	<u>1,059,859</u>	<u>1,503,154</u>

Notes:

- (i) The joint venture companies of the Group and its financial results were accounted for in the Historical Financial Information of the Group using the equity method.
- (ii) Investments in joint ventures of the Group are mainly the investments in Fujian Contemporary Mindong New Energy Industry Equity Investment Partnership (Limited Partnership) and Fujian Contemporary Zeyuan Equity Investment Fund Partnership (Limited Partnership).
- (iii) During the year ended 31 December 2022, a joint venture amended its articles of association, changing the requirement for major decisions from needing the consent of all shareholders to being determined by shareholding proportions. Since the Group holds 54% shareholding of the joint venture, the joint venture became a subsidiary of the Group and its financial statements was consolidated for the year ended 31 December 2022.

During the nine months ended 30 September 2024, the Group acquired an additional interest of 47.78% shareholding in one of the joint ventures for a consideration of RMB299,433,000. Following this acquisition, the Group’s shareholding in the joint venture increased from 46.66% to 94.44% and obtained the control in the joint venture.

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The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<u>Unlisted investments</u>			
At the beginning of the year/period	1,386,464	691,752	1,031,966
Additions	21,906	145,000	700,000
Disposal	(36,716)	–	–
Share of results, net.	(7,740)	156,415	(54,293)
Change in other equity	–	38,799	–
Dividends declared	–	–	(6,832)
Transfer to subsidiary	(672,162)	–	(200,900)
At the end of the year/period	<u>691,752</u>	<u>1,031,966</u>	<u>1,469,941</u>

21. FINANCIAL ASSETS AT FVTPL

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current:			
– Equity investments at fair value (<i>Note (a)</i>) . . .	2,645,307	2,816,190	2,980,958
Current:			
– Wealth management products and structured deposits (<i>Note (b)</i>)	<u>1,981,328</u>	<u>7,767</u>	<u>22,002,410</u>
	<u>4,626,635</u>	<u>2,823,957</u>	<u>24,983,368</u>

Notes;

- (a) Financial assets at FVTPL comprise unlisted equity securities which are held for trading.
- (b) The wealth management products are managed by licensed financial institutions in the PRC to invest principally in certain financial assets.

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22. FINANCIAL ASSETS AT FVTOCI

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current:			
– Equity investments at fair value (Note (a))	20,491,264	14,128,318	13,024,738
Current:			
– Trade and bills receivables measured at FVTOCI (Note (b)).	18,965,715	55,289,319	40,403,230
	<u>39,456,979</u>	<u>69,417,637</u>	<u>53,427,968</u>

Notes:

- (a) Financial assets at FVTOCI comprise listed and unlisted equity investments which are not held for trading.
- (b) Certain bills held by the Group for the practice of discounting/endorsing to financial institutions/suppliers before the bills maturity date were classified as “trade and bills receivables measured at FVTOCI” under financial assets at FVTOCI in the consolidated statements of financial position. As at the end of each reporting period, all the bills are with a maturity period of less than 12 months. The Group consider the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Transfer of all derecognised financial assets

During the Track Record Period, the Group (i) endorsed certain bills receivables for the settlement of trade and other payables; and (ii) discounted certain bills receivables to banks for raising of cash. In the opinion of the directors, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group’s obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed and discounted bills receivables is low because all endorsed and discounted bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were not recognised in the Historical Financial Information. The maximum exposure to the Group that may result from the default of these endorsed and discounted bills receivables at the end of each reporting period are RMB61,371,389,000, RMB23,735,684,000 and RMB26,395,304,000, respectively.

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23. INVENTORIES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	5,196,430	5,055,901	8,250,988
Work in progress	15,716,914	10,080,744	12,050,867
Finished goods	59,504,149	33,609,112	37,187,837
Costs to fulfil a contract	1,317,956	1,271,307	3,229,448
	81,735,449	50,017,064	60,719,140
Less: provision for impairment (<i>Note</i>)	(5,066,550)	(4,583,174)	(5,503,865)
	<u>76,668,899</u>	<u>45,433,890</u>	<u>55,215,275</u>

Note: The Group reviews the condition of inventories and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review at each reporting date on a product-by-product basis and makes allowance by reference to the latest market prices and current market conditions.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	59,797,036	66,065,457	69,535,300
Less: ECL allowance	(1,830,519)	(2,044,923)	(2,832,590)
Trade receivables, net	57,966,517	64,020,534	66,702,710
Bills receivables	3,526,084	1,751,724	292,441
	<u>61,492,601</u>	<u>65,772,258</u>	<u>66,995,151</u>

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	65,670,980	69,980,342	73,415,090
Less: ECL allowance	(1,748,490)	(1,917,665)	(2,525,119)
Trade receivables, net	63,922,490	68,062,677	70,889,971
Bills receivables	1,541,884	40,372	—
	<u>65,464,374</u>	<u>68,103,049</u>	<u>70,889,971</u>

Certain trade and bills receivables are pledged as security for the Group’s borrowings, details are disclosed in Note 40 to the Historical Financial Information.

The credit period granted to customers is generally within 60 days during the Track Record Period.

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The aging analysis of trade receivables (based on date of revenue recognition), net of ECL allowance, is as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	57,901,029	63,442,438	65,754,231
Over 1 year but within 2 years	65,486	573,217	928,196
Over 2 years	2	4,879	20,283
	<u>57,966,517</u>	<u>64,020,534</u>	<u>66,702,710</u>

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	62,360,828	63,283,527	62,082,020
Over 1 year but within 2 years	1,561,555	4,775,691	8,783,739
Over 2 years	107	3,459	24,212
	<u>63,922,490</u>	<u>68,062,677</u>	<u>70,889,971</u>

Movements in ECL allowance on trade receivables are as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	684,135	1,830,519	2,044,923
ECL allowance recognised, net (<i>Note</i>)	1,148,889	214,676	791,620
Written off	(2,105)	—	(119)
Exchange alignment.	(400)	(272)	(3,834)
At the end of the year/period	<u>1,830,519</u>	<u>2,044,923</u>	<u>2,832,590</u>

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	650,912	1,748,490	1,917,665
ECL allowance recognised, net (<i>Note</i>)	1,099,557	169,175	607,454
Written off	(1,979)	—	—
At the end of the year/period	<u>1,748,490</u>	<u>1,917,665</u>	<u>2,525,119</u>

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As at 31 December 2022 and 2023 and 30 September 2024, all the Group’s and the Company’s bills receivables are neither past due nor impaired. The Group and the Company expect that there is no significant credit risk associated with bills receivables since they are held with state-owned or reputable banks in the PRC. The directors do not expect that there will be any significant credit losses from non-performance by these counterparties. No provision for loss allowance was made during the Track Record Period.

Note: During the Track Record Period, certain of the Group’s and the Company’s trade receivables with aging over three years were fully impaired.

25. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Contract assets	184,570	266,257	390,540
Less: ECL allowance	(9,707)	(32,293)	(27,398)
	<u>174,863</u>	<u>233,964</u>	<u>363,142</u>

Contract assets primarily arise from the sales of battery-related business. Contract assets represent the rights to receive considerations for the transfer of goods to customers. Contract assets arise when the fulfilment of performance obligations is earlier than the progress payments agreed in the contract, which would be transferred to trade receivables when the contract meets the conditions for unconditional rights to receive payments.

The Group provides customers to retain a certain percentage of the contract value in retention period. This amount is included in “contract assets” as the Group’s entitlement to this final payment is conditional on the Group’s satisfactory work until the end of retention period. The increases in contract assets are primarily due to the increase in the Group’s revenue during the Track Record Period.

(b) Contract liabilities

Contract liabilities represent to the obligation to transfer goods to customers in consideration of payments received or receivable from customers. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Contract liabilities			
– Current	22,444,785	23,982,352	22,651,662
– Non-current	<u>6,910,284</u>	<u>6,093,840</u>	<u>5,460,757</u>
	<u>29,355,069</u>	<u>30,076,192</u>	<u>28,112,419</u>

The Group receives payments of the contract from customers based on billing schedule as set out in the contracts for providing new energy applications including EV batteries, ESS batteries, sales of battery materials and recycling.

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Majority of contract liabilities at the beginning of each reporting period were recognised as revenue during the Track Record Period.

26. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current:			
Deposits (<i>Note (a)</i>)	7,913,875	8,779,715	8,689,720
Finance lease receivables	44,316	9,840	112,981
Prepayment on construction and equipment	11,766,627	8,077,426	11,092,976
Prepayment for inventories (<i>Note (a)</i>)	4,097,041	3,170,453	2,053,888
Others	1,323,774	1,117,479	607,122
	<u>25,145,633</u>	<u>21,154,913</u>	<u>22,556,687</u>
Current:			
Deposits and other assets	8,792,816	3,648,556	3,731,693
Prepayments (<i>Note (b)</i>)	15,843,284	6,962,873	6,887,338
Finance lease receivables	403,712	56,828	200,636
Interest receivables	903,595	2,595,682	4,891,845
Prepaid corporate income tax	360,193	349,675	150,782
Other tax receivables (<i>Note (c)</i>)	11,360,316	7,863,809	6,239,810
Others	186,519	72,540	186,932
Less: ECL allowance	(114,436)	(209,992)	(289,806)
	<u>37,735,999</u>	<u>21,339,971</u>	<u>21,999,230</u>
	<u>62,881,632</u>	<u>42,494,884</u>	<u>44,555,917</u>

Notes:

- (a) As at 31 December 2022 and 2023 and 30 September 2024, there was prepayment for inventories due from an associate of RMBNil, RMB3,170,453,000 and RMB2,051,739,000 respectively and deposits due from an associate of RMBNil, RMB8,779,715,000 and RMB8,689,720,000 respectively.
- (b) The Group had made advance payments for purchase of inventories to secure the inventory supply. These advance payments are expected to be realised within twelve months from the end of the reporting period.
- (c) The amounts represent prepaid tax and surcharges levied.

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The movements on the ECL allowance of deposits and other assets are as follows:

	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	25	–	117,028	117,053
Provision/(Reversal)	140	–	(2,781)	(2,641)
Addition through acquisition of subsidiaries	184	–	–	184
Written off	(160)	–	–	(160)
As at 31 December 2022 and 1 January 2023	189	–	114,247	114,436
Provision/(Reversal)	53,612	–	(14,247)	39,365
Addition through acquisition of subsidiaries	48,121	–	8,070	56,191
As at 31 December 2023 and 1 January 2024	101,922	–	108,070	209,992
Provision	100,098	–	–	100,098
Written off	(20,240)	–	–	(20,240)
Exchange alignment	(44)	–	–	(44)
As at 30 September 2024	181,736	–	108,070	289,806

The Company

The Company’s prepayments, deposits and other assets mainly comprise prepayment for inventories, deposits, prepayments and other tax receivables.

27. DERIVATIVE FINANCIAL INSTRUMENTS

The Group’s derivative financial instruments are measured at fair value and are summarised below:

	As at 31 December		As at 30 September
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flow hedges			
– Foreign exchange risk contracts	597,912	(1,934,010)	(1,326,824)
– Commodity price risk contracts	(22,274)	(49,262)	36,483
	575,638	(1,983,272)	(1,290,341)
Fair value hedge			
– Foreign exchange risk contracts	–	(1,958,138)	(1,209,036)
	575,638	(3,941,410)	(2,499,377)

(a) Cash flow hedges

The Group uses forward foreign exchange risk to mitigate exchange rate exposure arising from forecast sales and purchase and commodity price risk contracts that meet the definition of a derivatives as defined by IFRS 9, to mitigate commodity price risk exposure arising from price fluctuation in raw materials related to production of products on the Group’s business. The hedging ineffectiveness for both foreign exchange risk contracts and commodity price risk contract during the Track Record Period were insignificant.

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The hedge relationships relate to the foreign exchange risk and commodity price risk arising from the highly probable sales and purchase transactions and the resulting receivable, payable and inventory. Reclassification to profit or loss occurs at the time of the associated transactions being recognised and then further movements to profit or loss to match the retranslation of the associated receivable, payable and inventory. The above movements relating to the hedging instruments and hedged items exclude those elements reclassified by the reporting date. The maturity of the hedging instruments are less than 12 months.

(b) Fair value hedge

The Group uses foreign exchange risk contracts to manage its exposure to foreign exchange rate fluctuations, mainly to mitigate the currency risk of cash and cash equivalents that denominated in foreign currency. The hedged items and the hedging instruments are denominated in the same currency and as a result the hedging instruments are considered as highly effective hedging instruments. The hedging ineffectiveness for the Track Record Period were insignificant.

(c) Hedging relationships

The potential sources of ineffectiveness result from either (i) differences between the timing of the cash flows of the hedged item and hedging instrument and potential credit risk or (ii) over-hedging may volumes of highly probable transactions fall below hedged amounts. The likelihood of the above factors is low. At the current time, no significant ineffectiveness has arisen from the above factors.

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28. BANK BALANCES, DEPOSITS AND CASH

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	157,629,318	238,165,487	234,953,904
Time deposits and restricted cash (<i>Note</i>)	32,510,497	23,545,346	24,832,174
	<u>190,139,815</u>	<u>261,710,833</u>	<u>259,786,078</u>

Note: Time deposits and restricted cash include bank deposits with original maturities over three months and due within one year and guarantee deposits for letter of bank acceptance notes, letters of guarantee, letters of credit and issuance of bills payable. Certain restricted cash is pledged as security for the Group’s borrowings, details are disclosed in Note 40 to the Historical Financial Information.

The Company

The Company’s bank balances, deposits and cash mainly comprise cash and cash equivalents, time deposits and restricted cash.

29. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deferred tax assets	9,483,660	17,395,585	22,121,063
Deferred tax liabilities	<u>(1,807,813)</u>	<u>(1,364,906)</u>	<u>(1,180,577)</u>
	<u>7,675,847</u>	<u>16,030,679</u>	<u>20,940,486</u>
At the beginning of the year/period	4,503,979	7,675,847	16,030,679
Recognised in profit or loss (<i>Note 12</i>)	4,441,682	7,652,592	4,545,624
(Reversed)/Recognised in other comprehensive income	(527,153)	806,036	274,516
Others	<u>(742,661)</u>	<u>(103,796)</u>	<u>89,667</u>
At the end of the year/period	<u>7,675,847</u>	<u>16,030,679</u>	<u>20,940,486</u>

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(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period are as follows:

	Tax losses	ECL allowance and impairment provision	Employee benefits	Accrued expenses	Provisions	Deferred income	Fair value change of financial assets at FVTOCI	Amortisation and depreciation	Unrealised profit on intra-group transactions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	133,851	598,208	2,051,816	156,615	1,534,766	420,899	14,689	459,650	138,245	33,816	5,542,555
Recognised/(Reversed) in profit or loss	292,830	613,666	547,574	(41,821)	1,494,028	750,720	–	74,782	723,474	104,602	4,559,855
Recognised/(Reversed) in other comprehensive income	–	–	–	–	–	–	186,621	–	–	(62,710)	123,911
Others	–	–	(671,109)	–	–	–	–	–	–	(71,552)	(742,661)
As at 31 December 2022 and 1 January 2023	426,681	1,211,874	1,928,281	114,794	3,028,794	1,171,619	201,310	534,432	861,719	4,156	9,483,660
Recognised in profit or loss	380,872	455,774	807,199	124,240	4,615,630	811,152	–	438,697	137,298	38,176	7,809,038
(Reversed)/Recognised in other comprehensive income	–	–	–	–	–	–	(89,707)	–	–	296,390	206,683
Others	–	–	(439,805)	–	–	–	–	–	–	336,009	(103,796)
As at 31 December 2023 and 1 January 2024	807,553	1,667,648	2,295,675	239,034	7,644,424	1,982,771	111,603	973,129	999,017	674,731	17,395,585
Recognised/(Reversed) in profit or loss	144,861	219,774	497,252	27,200	2,260,407	636,532	–	573,054	360,519	(175,672)	4,543,927
Recognised in other comprehensive income	–	–	–	–	–	–	199,518	–	–	(107,634)	91,884
Others	–	–	(1,152)	–	–	–	–	–	–	90,819	89,667
As at 30 September 2024	952,414	1,887,422	2,791,775	266,234	9,904,831	2,619,303	311,121	1,546,183	1,359,536	482,244	22,121,063

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(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period are as follows:

	Appreciation of assets acquired in business combinations	Fair value change of financial assets at FVTOCI	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	20,944	998,877	18,755	1,038,576
Recognised in profit or loss	52,129	–	66,044	118,173
Recognised in other comprehensive income	–	651,064	–	651,064
As at 31 December 2022 and 1 January 2023	73,073	1,649,941	84,799	1,807,813
Recognised in profit or loss	29,329	–	127,117	156,446
Reversed in other comprehensive income	–	(599,353)	–	(599,353)
As at 31 December 2023 and 1 January 2024	102,402	1,050,588	211,916	1,364,906
Recognised/(Reversed) in profit or loss	6,915	–	(8,612)	(1,697)
Reversed in other comprehensive income	–	(182,632)	–	(182,632)
As at 30 September 2024	109,317	867,956	203,304	1,180,577

(c) Deferred tax assets not recognised

Deferred tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognised as deferred tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred tax assets at the end of each reporting period:

	As at 31 December		As at 30 September
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	2,371,110	4,664,733	8,259,560
Deductible temporary differences	241,036	3,676,118	6,568,913
	2,612,146	8,340,851	14,828,473

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The Group has unused tax losses of RMB2,371,110,000, RMB4,664,733,000 and RMB8,259,560,000 as at 31 December 2022 and 2023 and 30 September 2024, respectively, available for offset against future profits. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB531,885,000, RMB184,974,000 and RMB259,972,000, respectively, can be carried forward indefinitely.

	As at 31 December		As at
	2022	2023	30 September
	RMB'000	RMB'000	RMB'000
2023	17,136	—	—
2024	83,124	81,159	—
2025	112,400	66,229	61,652
2026	556,779	420,739	344,648
2027 and beyond	1,601,671	N/A	N/A
2027	N/A	1,124,087	1,038,685
2028 and beyond	—	2,972,519	N/A
2028	—	—	2,967,767
2029 and beyond	—	—	3,846,808
	<u>2,371,110</u>	<u>4,664,733</u>	<u>8,259,560</u>

30. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		As at
	2022	2023	30 September
	RMB'000	RMB'000	RMB'000
Trade payables			
– that are not part of SFA	51,769,974	57,579,416	65,521,294
– that are part of the SFA (<i>Note 38</i>).	13,748,070	32,731,394	36,673,967
	<u>65,518,044</u>	<u>90,310,810</u>	<u>102,195,261</u>
Bills payables	126,229,468	77,514,941	63,651,539
	<u>191,747,512</u>	<u>167,825,751</u>	<u>165,846,800</u>

The credit period granted by suppliers is generally within 90 days. As at the end of each reporting period, there were no significant trade payables aged over 1 year (on invoice date basis).

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As at the end of each reporting period, no matured bills payable were unpaid.

Details of the Group’s assets pledged for the Group’s bills payables are disclosed in Note 40 to the Historical Financial Information.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables (including SFA)	59,703,514	92,302,821	87,416,850
Bills payables	99,327,776	52,680,163	44,034,145
	<u>159,031,290</u>	<u>144,982,984</u>	<u>131,450,995</u>

31. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Deferred income	19,966,702	21,448,987	21,899,574
Premium payables on acquiring mining rights . . .	–	170,256	156,653
Redemption liability (Note (a))	–	25,247,626	–
Other payables	–	–	119,875
	<u>19,966,702</u>	<u>46,866,869</u>	<u>22,176,102</u>
Current			
Accrued expenses (Note (b))	3,077,310	3,258,954	2,359,270
Construction and equipment payables	29,016,932	26,727,963	20,944,754
Dividend payables	8,320	29,916	22,722
Deposits received	8,055,298	8,763,865	5,511,717
Employee benefits payables	9,476,018	14,846,251	17,368,872
Other tax liabilities	2,197,550	3,712,029	4,384,277
Premium payables on acquiring mining rights . . .	–	23,740	19,548
Others	3,873,145	1,601,269	1,522,921
	<u>55,704,573</u>	<u>58,963,987</u>	<u>52,134,081</u>
	<u>75,671,275</u>	<u>105,830,856</u>	<u>74,310,183</u>

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Notes:

- (a) It mainly comprised redemption liability arising from put option arrangements with non-controlling shareholders of acquired a subsidiary. Details of the acquisition of the subsidiary are disclosed in Note 47.2 to the Historical Financial Information.
- (b) Accrued expenses mainly comprise payables to transportation companies and accrued water and electricity charges.

The Company

	As at 31 December		As at
	2022	2023	30 September
	RMB'000	RMB'000	RMB'000
Non-current			
Deferred income	614,668	570,785	435,755
Current			
Accrued expenses	1,652,650	1,689,854	1,411,578
Amounts due to subsidiaries	2,142,341	5,499,462	5,502,191
Construction and equipment payables	4,303,641	2,418,932	1,509,120
Dividend payables	8,320	6,976	22,722
Deposits received	7,052,965	7,762,763	5,187,594
Employee benefits payables	7,116,679	10,887,193	13,542,523
Other tax liabilities	1,979,051	2,369,475	2,380,833
Others	2,163,745	103,528	150,754
	26,419,392	30,738,183	29,707,315
	27,034,060	31,308,968	30,143,070

32. BORROWINGS

The Group

	As at 31 December		As at
	2022	2023	30 September
	RMB'000	RMB'000	RMB'000
Pledged borrowings (<i>Note (b)</i>)	452,784	653,643	953,452
Mortgaged borrowings	5,038,093	5,328,538	5,517,401
Mortgaged and guaranteed borrowings (<i>Notes (b), (c)</i>)	5,668,290	9,266,159	10,628,066
Guaranteed borrowings (<i>Note (c)</i>)	27,134,448	36,492,569	36,000,637
Credit borrowings	38,935,167	53,523,844	56,267,468
Secured other borrowings	1,343,578	1,383,435	1,370,946
Corporate bonds (<i>Note (d)</i>)	22,289,408	19,447,655	19,320,433
Total borrowings.	100,861,768	126,095,843	130,058,403
Less: current portion			
Pledged borrowings (<i>Note (b)</i>)	452,784	300,203	494,110
Mortgaged borrowings (<i>Note (b)</i>)	698,411	493,174	662,043
Mortgaged and guaranteed borrowings (<i>Notes (b), (c)</i>)	208,626	131,100	666,826
Guaranteed borrowings (<i>Note (c)</i>)	3,475,266	3,006,073	2,319,291
Credit borrowings	13,294,337	17,885,221	19,780,318
Secured other borrowings	293,578	33,435	20,946
Corporate bonds (<i>Note (d)</i>)	3,111,519	210,641	7,215,648
	21,534,521	22,059,847	31,159,182
	79,327,247	104,035,996	98,899,221

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As at 31 December 2022 and 2023 and 30 September 2024, the borrowings bear effective interest rates from 0.65% to 6.25%, 1.20% to 6.33% and 0.75% to 6.61% per annum respectively.

Notes:

- (a) Bank’s credit facilities amounted to RMB164,031,649,000, RMB337,257,824,000 and RMB383,750,111,000 had not been utilised as at 31 December 2022 and 2023 and 30 September 2024 respectively.
- (b) Pledged borrowings were mainly secured by trade and bills receivables; mortgaged borrowings were mainly secured by property, plant and equipment, prepaid lease payments and intangible assets. Details of the Group’s assets pledged for the Group’s borrowings are disclosed in Note 40 to the Historical Financial Information.
- (c) The amounts were guaranteed by the Company, subsidiaries within the Group and a related company.

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(d) The details of corporate bonds are as follows:

As at 31 December 2022

Bond name	Par value RMB '000	Interest rate %	Issue date	Bond term	Issuance amount RMB '000	Balance at the beginning RMB '000	Issuance during the year RMB '000	Accrued interest RMB '000	Premium discount amortisation RMB '000	Redemption RMB '000	Balance as carry forward RMB '000	Breach the contract
19CATL01 (Notes (i), (iv), (v))	1,500,000	3.68%, 2.55%	25 Oct 2019	5 years	1,500,000	1,512,554	–	56,093	(13,100)	(1,345,200)	210,347	No
20CATL01 (Notes (i), (iv), (v))	3,000,000	3.63%	15 Jan 2020	5 years	3,000,000	3,106,564	–	108,900	4,955	(108,900)	3,111,519	No
22寧德時代GN001 (Notes (ii), (v))	5,000,000	2.90%	12 Dec 2022	5 years	5,000,000	–	5,000,000	12,083	(1,754)	–	5,010,329	No
CON RD B2509 and CON RD B3009 (Note (iii))	9,787,350	1.875%, 2.625%	10 Sep 2020	5 years and 10 years	9,787,350	9,569,493	–	221,997	909,469	(221,997)	10,478,962	No
CON RD B2609 (Note (iii))	3,187,850	1.50%	2 Sep 2021	5 years	3,187,850	3,178,995	–	52,235	299,256	(52,235)	3,478,251	No
						17,367,606	5,000,000	451,308	1,198,826	(1,728,332)	22,289,408	

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As at 31 December 2023

Bond name	Par value RMB'000	Interest rate %	Issue date	Bond term	Issuance amount RMB'000	Balance at the beginning RMB'000	Issuance during the year RMB'000	Accrued interest RMB'000	Premium discount amortisation RMB'000	Redemption RMB'000	Balance as carry forward RMB'000	Breach the contract
19CATL01 (Notes (i), (iv), (v))	1,500,000	3.68%, 2.55%	25 Oct 2019	5 years	1,500,000	210,347	–	5,354	295	(5,355)	210,641	No
20CATL01 (Notes (i), (iv), (v))	3,000,000	3.63%	15 Jan 2020	5 years	3,000,000	3,111,519	–	9,075	(11,694)	(3,108,900)	–	No
22寧德時代GN001 (Notes (ii), (v))	5,000,000	2.90%	12 Dec 2022	5 years	5,000,000	5,010,329	–	145,000	337	(145,000)	5,010,666	No
CON RD B2509 and CON RD B3009 (Note (iii))	9,787,350	1.875%, 2.625%	10 Sep 2020	5 years and 10 years	9,787,350	10,478,962	–	225,761	204,333	(225,761)	10,683,295	No
CON RD B2609 (Note (iii))	3,187,850	1.50%	2 Sep 2021	5 years	3,187,850	3,478,251	–	53,120	64,802	(53,120)	3,543,053	No
						22,289,408	–	438,310	258,073	(3,538,136)	19,447,655	

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As at 30 September 2024

Bond name	Par value RMB'000	Interest rate %	Issue date	Bond term	Issuance amount RMB'000	Balance at the beginning RMB'000	Issuance during the period RMB'000	Accrued interest RMB'000	Premium discount amortisation RMB'000	Redemption RMB'000	Balance as carry forward RMB'000	Breach the contract
19CATL01 (Notes (i), (iv), (v))	1,500,000	3.68%, 2.55%	25 Oct 2019	5 years	1,500,000	210,641	–	4,016	226	–	214,883	No
22寧德時代GN001 (Notes (ii), (v))	5,000,000	2.90%	12 Dec 2022	5 years	5,000,000	5,010,666	–	108,750	260	–	5,119,676	No
CON RD B2509 and CON RD B3009 (Note (iii))	9,787,350	1.875%, 2.625%	10 Sep 2020	5 years and 10 years	9,787,350	10,683,295	–	176,828	(147,515)	(223,361)	10,489,247	No
CON RD B2609 (Note (iii))	3,187,850	1.50%	2 Sep 2021	5 years	3,187,850	3,543,053	–	39,417	(33,287)	(52,556)	3,496,627	No
						19,447,655	–	329,011	(180,316)	(275,917)	19,320,433	

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Notes:

- (i) The bonds were listed on Shenzhen Stock Exchange.
- (ii) The bond was issued on the China Interbank Bond Market.
- (iii) The bonds were listed on Hong Kong Stock Exchange.
- (iv) The Company has the right to decide whether to adjust the coupon rate for the subsequent two years at the end of the third year of the bond’s duration. The Company will announce whether to adjust the coupon rate and the extent of the adjustment on the media designated by the China Securities Regulatory Commission 20 trading days before the interest payment date of the third year. Investors have the right to request the Company to repurchase all or part of the bonds they hold within five trading days after the announcement is made.
- (v) These corporate bonds are held by the Company.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mortgaged borrowings	953,031	888,873	824,730
Credit borrowings	25,165,925	32,626,787	36,135,872
Corporate bonds	8,332,195	5,221,307	5,334,559
Total borrowings.	<u>34,451,151</u>	<u>38,736,967</u>	<u>42,295,161</u>
Less current portion			
Mortgaged borrowings	48,931	64,773	64,630
Credit borrowings	1,774,674	1,495,112	4,816,424
Corporate bonds	3,111,519	210,641	214,883
	<u>4,935,124</u>	<u>1,770,526</u>	<u>5,095,937</u>
	<u>29,516,027</u>	<u>36,966,441</u>	<u>37,199,224</u>

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During the Track Record Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group’s and the Company’s borrowings were repayable as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed as:			
Bank borrowings:			
– Within 1 year	18,129,424	21,815,771	23,922,588
– Over 1 year but within 2 years	7,599,605	17,901,721	25,251,131
– Over 2 years but within 5 years	26,383,267	37,111,975	36,935,825
– Over 5 years	25,116,486	28,435,286	23,257,480
	<u>77,228,782</u>	<u>105,264,753</u>	<u>109,367,024</u>
Other borrowings:			
– Within 1 year	293,578	33,435	20,946
– Over 1 year but within 2 years	–	–	–
– Over 2 years but within 5 years	300,000	–	600,000
– Over 5 years	750,000	1,350,000	750,000
	<u>1,343,578</u>	<u>1,383,435</u>	<u>1,370,946</u>
Corporate bonds:			
– Within 1 year	3,111,519	210,641	7,215,648
– Over 1 year but within 5 years	15,668,397	15,659,131	8,616,302
– Over 5 years	3,509,492	3,577,883	3,488,483
	<u>22,289,408</u>	<u>19,447,655</u>	<u>19,320,433</u>
	<u>100,861,768</u>	<u>126,095,843</u>	<u>130,058,403</u>

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed as:			
Bank borrowings:			
– Within 1 year	1,823,605	1,559,885	4,881,054
– Over 1 year but within 2 years	1,494,723	11,146,164	13,606,099
– Over 2 years but within 5 years	11,456,904	9,266,725	8,936,993
– Over 5 years	11,343,724	11,542,886	9,536,456
	<u>26,118,956</u>	<u>33,515,660</u>	<u>36,960,602</u>
Corporate bonds:			
– Within 1 year	3,111,519	210,641	214,883
– Over 1 year but within 5 years	5,220,676	5,010,666	5,119,676
	<u>8,332,195</u>	<u>5,221,307</u>	<u>5,334,559</u>
	<u>34,451,151</u>	<u>38,736,967</u>	<u>42,295,161</u>

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33. LEASE LIABILITIES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Total minimum lease payments:			
– Within 1 year	140,143	119,458	123,228
– Over 1 year but within 5 years.	345,729	250,380	684,767
– Over 5 years	348,292	62,851	106,625
	834,164	432,689	914,620
Future interest expense on lease liabilities	(148,708)	(43,094)	(104,970)
Present value of lease liabilities	685,456	389,595	809,650

The following table shows the remaining contractual maturities of the Group’s lease liabilities:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Present value of minimum lease payments:			
– Within 1 year	113,106	106,299	92,853
– Over 1 year but within 5 years.	270,430	222,694	618,823
– Over 5 years	301,920	60,602	97,974
	685,456	389,595	809,650
Less: portion due within one year included under current liabilities	(113,106)	(106,299)	(92,853)
Portion due after one year included under non-current liabilities	572,350	283,296	716,797

The total cash outflows for the leases including short-term lease for the years ended 31 December 2022 and 2023 and nine months ended 30 September 2023 and 2024 were RMB765,815,000, RMB1,088,014,000, RMB806,021,000 and RMB1,043,285,000 respectively.

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34. PROVISIONS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
After-sale service fee (<i>Note (a)</i>)	13,976,990	28,390,013	36,088,638
Sale rebate (<i>Note (b)</i>)	5,720,385	23,118,593	29,207,300
Others	—	130,307	134,271
	<u>19,697,375</u>	<u>51,638,913</u>	<u>65,430,209</u>

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
After-sale service fee (<i>Note (a)</i>)	12,000,961	24,796,282	31,558,443
Sale rebate (<i>Note (b)</i>)	5,276,707	21,472,240	28,313,251
	<u>17,277,668</u>	<u>46,268,522</u>	<u>59,871,694</u>

Notes:

- (a) Provision for after-sale service fee is recognised when the underlying products are sold. Provision is made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. It is mainly based on cumulative sales of battery products within the warranty period, estimated maintenance cost per unit and estimated maintenance rate, etc..
- (b) The Group and the Company have entered into contracts with certain customers that include rebate terms, and the Group and the Company recognise estimated liabilities based on the rebate terms stipulated in the contracts.

35. SHARE CAPITAL AND TREASURY SHARES

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Share capital	2,442,515	4,399,041	4,397,224	4,402,376
Treasury shares	<u>253,991</u>	<u>1,572,972</u>	<u>249,412</u>	<u>2,776,133</u>

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The changes in share capital are as follows:

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Issued and fully paid:				
At the beginning of the year/period .	2,330,851	2,442,515	2,442,515	4,399,041
Shares issued under restricted stock incentive schemes (<i>Notes (a), (b), (c), (d), (e), (f), (g), (h)</i>)	1,908	2,618	801	3,335
Private placement (<i>Note (i)</i>)	109,756	–	–	–
Conversion of capital reserve into share capital (<i>Note (j)</i>)	–	1,953,908	1,953,908	–
At the end of the year/period	<u>2,442,515</u>	<u>4,399,041</u>	<u>4,397,224</u>	<u>4,402,376</u>
Number of ordinary shares (in thousands)	<u>2,442,515</u>	<u>4,399,041</u>	<u>4,397,224</u>	<u>4,402,376</u>

The changes in treasury shares are as follows:

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Paid-in capital/Nominal value of ordinary shares:				
At the beginning of the year/period .	443,535	253,991	253,991	1,572,972
Shares issued under restricted stock incentive schemes (<i>Note (a)</i>)	(189,544)	(184,658)	(4,579)	(4,592)
Repurchase of shares (<i>Note (k)</i>)	–	1,503,639	–	1,207,753
At the end of the year/period	<u>253,991</u>	<u>1,572,972</u>	<u>249,412</u>	<u>2,776,133</u>
Number of treasury shares (in thousands)	<u>7,185</u>	<u>12,601</u>	<u>3,514</u>	<u>19,271</u>

Notes:

- (a) On 19 August 2022, a total of 136,290 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan was cancelled, as participants have resigned or did not meet the performance requirements. Therefore, the share capital of RMB136,290, treasury stock of RMB4,807,690 and capital reserve of RMB4,671,400 were derecognised.

On 19 September 2022 and 26 September 2022, a total of 5,235,340 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan were released and listed for circulation, as 1,113 incentive objects have met the requirements for relieving the sales restriction. Therefore, the treasury stock of RMB184,736,200 were derecognised.

On 14 April 2023, a total of 129,560 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan was cancelled, as participants have resigned or did not meet the performance requirements. Therefore, the share capital of RMB129,560, treasury stock of RMB4,579,250 and capital reserve of RMB4,449,690 were derecognised.

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On 19 September 2023 and 25 September 2023, a total of 9,185,782 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan were released and listed for circulation, as 1,061 incentive objects have met the requirements for relieving the sales restriction. Therefore, the treasury stock of RMB180,079,000 were derecognised.

On 17 June 2024, a total of 234,014 restricted shares granted in 2018 Incentive Plan and 2019 Incentive Plan was cancelled, as participants have resigned or did not meet the performance requirements. Therefore, the share capital of RMB234,014, treasury stock of RMB4,592,477 and capital reserve of RMB4,358,463 were derecognised.

- (b) During the year ended 31 December 2022, 1,694,725 of the restricted shares granted in 2020 Incentive Plan were vested in the current year. As at 4 November 2022, 3,835 incentive objects of the restricted shares granted in 2020 Incentive Plan met the vesting requirements, a total of 1,694,725 restricted shares were vested and listed for circulation. Therefore, contribution of RMB391,430,633 was received by the Company from the participants, share capital of RMB1,694,725 and capital reserve of RMB389,735,908 were recognised.
- (c) During the year ended 31 December 2022, 348,792 of the restricted shares granted in 2021 Incentive Plan were vested in the current year. As at 21 November 2022, 3,865 incentive objects met the vesting requirements, a total of 348,792 restricted shares were vested and listed for circulation. Therefore, contribution of RMB106,517,588 was received by the Company from the participants, share capital of RMB348,792 and capital reserve of RMB106,168,796 were recognised.
- (d) During the year ended 31 December 2023, 1,033,810 of the restricted shares granted in 2020 Incentive Plan were vested in the current year. As at 14 November 2023, 175 incentive objects met the vesting requirements, a total of 1,033,810 restricted shares were vested and listed for circulation. Therefore, contribution of RMB131,211,165 was received by the Company from the participants, share capital of RMB1,033,810 and capital reserve of RMB130,177,355 were recognised.
- (e) During the year ended 31 December 2023, 783,539 of the restricted shares granted in 2021 Incentive Plan were vested in the current year. As at 21 November 2023, 3,429 incentive objects met the vesting requirements, a total of 783,539 restricted shares were vested and listed for circulation. Therefore, contribution of RMB131,838,272 was received by the Company from the participants, share capital of RMB783,539 and capital reserve of RMB131,054,733 were recognised.
- (f) During the year ended 31 December 2023, 930,952 of the restricted shares granted in 2022 Incentive Plan were vested in the current year. As at 15 September 2022, 4,166 incentive objects met the vesting requirements, a total of 930,952 restricted shares were vested and listed for circulation. Therefore, contribution of RMB134,503,945 was received by the Company from the participants, share capital of RMB930,952 and capital reserve of RMB133,572,993 were recognised.
- (g) During the nine months ended 30 September 2024, 1,209,851 of the restricted shares granted in 2022 Incentive Plan were vested. As at 20 September 2024, 3,903 incentive objects met the vesting requirements, a total of 1,209,851 restricted shares were vested and listed for circulation. Therefore, contribution of RMB168,713,722 was received by the Company from the participants, share capital of RMB1,209,851 and capital reserve of RMB167,503,871 were recognised.
- (h) During the nine months ended 30 September 2024, 2,358,596 of the restricted shares granted in 2023 Incentive Plan were vested. As at 20 September 2024, 407 incentive objects met the vesting requirements, a total of 2,358,596 restricted shares were vested and listed for circulation. Therefore, contribution of RMB253,973,617 was received by the Company from the participants, share capital of RMB2,358,596 and capital reserve of RMB251,615,021 were recognised.
- (i) On 4 July 2022, as approved by China Securities Regulatory Commission (“CSRC”), the Company issued a total of 109,756,097 A shares to 22 specific objects and was listed on the Shenzhen Stock Exchange, and raised funding of RMB44,999,999,770 through the issuance. Netting off the transaction cost of RMB129,886,562.36, the Company received a total of RMB44,870,113,207.64.

Per the private placement, the Group recognised share capital of RMB109,756,097 and capital reserve of RMB44,755,243,673, net of taxation.

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- (j) Pursuant to the “Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve” approved at the 2022 annual general meeting convened at 31 March 2023, the issued share capital of the Company was increased by capital conversion from capital reserve for RMB1,953,907,971 to issue new A shares, based on the total share capital of 2,442,384,964 shares at that time and in the proportion of ten for eight, to a total of 1,953,907,971 shares. After the conversion, the total number of A shares of the Company was 4,396,292,935 shares.
- (k) For the year ended 31 December 2023, a total of 9,086,912 A shares have been repurchased, and treasury stocks amounting to RMB1,503,639,000, including RMB376,000 transaction cost, therefore were recognised. The shares were repurchased with an average price of RMB165.47 per share.

For the nine months ended 30 September 2024, a total of 6,904,612 A shares have been repurchased, and treasury stocks amounting to RMB1,207,752,756, including RMB302,000 transaction cost, therefore were recognised. The shares were repurchased with an average price of RMB174.92 per share.

36. SHARE-BASED EMPLOYEE COMPENSATIONS

- (a) Share-based compensation expenses during the Track Record Period were as follows:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Equity settled share-based compensation	556,931	676,722	498,527	684,198

- (b) Share option incentives plans

Pursuant to the 2021 Stock Option and Restricted Stock Incentive Plan (the “2021 Incentive Plan”) approved at the 2021 second extraordinary general meeting of the Company on November 12, 2021, and the 40th meeting of the second session of the Board of the Company, the Company granted 1,898,250 share options to 279 incentive recipients which in initial grant portion and 513,800 share options to 71 incentive recipients which reserved grant portion, with a grant date of 19 November 2021, and an exercise price of RMB612.08 per share. According to the Company’s performance appraisal and individual performance appraisal, the share options granted to certain middle-level management personnels are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 30% and 50%, respectively; the share options granted to certain middle-level management personnels are exercisable in four exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 25%, 25%, and 30%, respectively.

Pursuant to the “Proposal on the 2022 Semi-annual Profit Distribution” approved at the 2022 first extraordinary general meeting of the Company, the “Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve” approved at the 2022 annual general meeting, the “Proposal on the 2023 Profit Distribution Plan” approved at the 2023 annual general meeting, the exercise price of the share options under the 2021 Incentive Scheme was adjusted from RMB612.08 per share to RMB333.25 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

Pursuant to the 2022 Stock Option and Restricted Stock Incentive Plan (the “2022 Incentive Plan”) approved at the 2022 first extraordinary general meeting of the Company on 5 September 2022, and the 11th meeting of the third session of the Board of the Company, the Company granted 1,609,598 share options to 163 incentive recipients which in initial grant portion and 51,021 share options to 4 incentive recipients which in reserved grant portion, with a grant date of 8 September 2022, and an exercise price of RMB526.46 per share. According to the Company’s performance appraisal and individual performance appraisal, the share options granted to certain Directors, senior management members, and middle-level management personnels are exercisable in three exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 30% and 50%, respectively; the share options granted to certain Directors, senior management members, and middle-level management personnels are exercisable in four exercise periods after 12 months from the grant date, with the

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maximum exercisable percentage for each period being 20%, 25%, 25%, and 30%, respectively, the share options granted to certain middle-level management personnels are exercisable in five exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 15%, 15%, 20%, 20%, and 30%, respectively.

Pursuant to the “Proposal on the 2022 Semi-annual Profit Distribution” considered and approved at the 2022 first extraordinary general meeting of the Company, the “Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve” considered and approved at the 2022 annual general meeting, the “Proposal on the 2023 Profit Distribution Plan” considered and approved at the 2023 annual general meeting, the exercise price of the share options under the 2022 Incentive Scheme was adjusted from RMB526.46 per share to RMB285.69 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

A summary of activities of the service-based share options is presented as follows:

	Number of share Option	Weighted average exercise price	Weighted average remaining contractual term
As at 1 January 2022	2,412,050	611.43	3.89
Granted	1,660,619	525.81	
Cancelled	(95,841)	590.97	
As at 31 December 2022 and 1 January 2023 . .	3,976,828	576.17	2.89
Granted (<i>Notes (i), (ii), (iii)</i>)	3,115,197	318.55	
Cancelled	(255,102)	330.65	
Lapsed	(790,510)	338.28	
As at 31 December 2023 and 1 January 2024 . .	6,046,413	315.56	2.52
Cancelled	(29,293)	290.72	
Lapsed	(559,478)	290.72	
As at 30 September 2024	5,457,642	313.21	1.14
As at 1 January 2023 (audited)	3,976,828	576.17	2.89
Granted	3,115,197	318.55	
Cancelled	(89,320)	385.54	
As at 30 September 2023 (unaudited)	7,002,705	318.53	3.13

Notes:

- (i) On 8 March 2023, and 31 March 2023, respectively, the 17th meeting of the third Board of Directors and the annual shareholders’ meeting for the year 2022 of the Company approved the proposal on “Proposal on Profit Distribution and Capital Reserve Conversion into Capital Stock for the year 2022”. Based on the current total share capital of the Company of 2,442,514,524 shares, a cash dividend of RMB25.20 (including tax) will be distributed to all shareholders for every 10 shares held, and at the same time, 8 shares will be issued for every 10 shares held from the capital reserve to all shareholders.
- (ii) On 20 April 2023, the 18th meeting of the third session of the Board of the Company considered and approved the “Proposal on Adjusting Stock Option Exercise Price and Quantity, and Restricted Stock Grant Price and Quantity”, adjusting the exercise price of stock options under the 2021 Incentive Plan from RMB611.43 per share to RMB338.28 per share and the quantity from 2,278,796 shares to 4,101,832 shares.

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- (iii) On 20 April 2023, the 18th meeting of the third session of the Board of the Company considered and approved the “Proposal to Adjust the Stock Option Exercise Price and Quantity and the Restricted Stock Grant Price and Quantity”, adjusting the exercise price of stock options under the 2022 Incentive Plan from RMB525.81 per share to RMB290.72 per share and the quantity from 1,615,202 shares to 2,907,363 shares.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

	2021 Incentive Plan	2022 Incentive Plan
Share price at date of grant	RMB355.00	RMB249.72
Expected volatility	22.50% – 26.80%	25.55% – 27.41%
Expected option life	1-4 years	1-5 years
Dividend yield	1.00%	0.83%
Risk-free interest rate	1.50% – 2.75%	1.50% – 2.75%
Exercise price at date of grant	<u>RMB612.08</u>	<u>RMB526.46</u>

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Note: The Group recognises share-based compensations in capital reserve and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserve.

(c) Restricted Stock Incentive Plans

Pursuant to the proposals such as “Proposal on the 2018 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “2018 Incentive Plan”) approved at the 2018 second extraordinary general meeting of the Company on 26 July 2018, the Company completed the registration of the initial grant of 22,580,400 type 1 restricted stock with lock-up period to 1,628 incentive participants in September 2018 at a grant price of RMB35.15 per share. Pursuant to the 2018 Incentive Plan, the restricted stock granted to middle-level management personnels will be unlocked in five periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 20% according to the Company’s performance appraisal and individual performance appraisal, etc.; the restricted stock granted to core key employees will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Company’s performance appraisal and individual performance appraisal, etc..

Pursuant to the proposals such as “Proposal on the 2019 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “2019 Incentive Plan”) approved at the 2019 first extraordinary general meeting of the Company on July 16, 2019, the Company completed the registration of the initial grant of 13,954,700 type 1 restricted stock with lock-up period to 3,105 incentive participants in September 2019 at a grant price of RMB35.53 per share. Pursuant to the 2019 Incentive Plan, the restricted stock granted to middle-level management personnels and certain core employees will be unlocked in five periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 20% according to the Company’s performance appraisal and individual performance appraisal, etc.; the restricted stock granted to core employees will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Company’s performance appraisal and individual performance appraisal, etc..

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Pursuant to the proposals such as “Proposal on the 2020 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “2020 Incentive Plan”) approved at the 2020 third extraordinary general meeting of the Company on 29 October 2020, at the 24th meeting of the second session of the Board, it was confirmed that 4,520,600 type 2 restricted stock were granted to 4,573 incentive participants on 4 November 2020 as the grant date at a grant price of RMB231.86 per share. The restricted stock granted to the middle-level management personnels will be vested in three periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 34%, 33%, and 33%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc.; the restricted stock granted to core key employees will be vested in two periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 50% according to the Company’s performance appraisal and individual performance appraisal, etc..

Pursuant to the proposals such as “Proposal on the 2021 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “2021 Incentive Plan”) approved at the 2021 second extraordinary general meeting of the Company on 12 November 2021, at the 40th meeting of the second session of the Board, it was confirmed that 1,850,240 type 2 restricted stock were granted to 4,208 incentive recipients which in initial grant portion and 28,940 type 2 restricted stock were granted to 46 incentive recipients which in reserved grant portion on 19 November 2021 as the grant date at a grant price of RMB306.04 per share. The restricted stock granted to the core key employees and certain middle-level management personnels will be vested in three periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 30%, and 50%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc.; the restricted stock granted to certain middle-level management personnels will be vested in four periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 25%, 25% and 30%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc..

Pursuant to the “Proposal on the 2022 Semi-annual Profit Distribution” considered and approved at the 2022 first extraordinary general meeting of the Company, the “Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve” considered and approved at the 2022 annual general meeting, the “Proposal on the 2023 Profit Distribution Plan” considered and approved at the 2023 annual general meeting, the vesting price of the restricted stock under the 2021 Incentive Scheme was adjusted from RMB306.04 per share to RMB163.23 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

Pursuant to the proposals such as “Proposal on the 2022 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “2022 Incentive Plan”) approved at the 2022 first extraordinary general meeting of the Company on September 5, 2022, at the 11th meeting of the third session of the Board, it was confirmed that 2,611,360 type 2 restricted stock were granted to 4,483 incentive recipients which in initial grant portion and 294,769 type 2 restricted stock were granted to 126 incentive recipients which in reserved grant portion on 8 September 2022 as the grant date at a grant price of RMB263.23 per share. The restricted stock granted to the core key employees and certain Directors, senior management members, and middle-level management personnels will be vested in three periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 30%, and 50%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc.; the restricted stock granted to certain Directors, senior management members, and middle-level management personnels will be vested in four periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, 25%, 25% and 30%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc..

Pursuant to the “Proposal on the 2022 Semi-annual Profit Distribution” considered and approved at the 2022 first extraordinary general meeting of the Company, the “Proposal on the 2022 Profit Distribution Plan and Capitalization of Capital Reserve” considered and approved at the 2022 annual general meeting, the “Proposal on the 2023 Profit Distribution Plan” considered and approved at the 2023 annual general meeting, the vesting price of the restricted stock under the 2022 Incentive Scheme was adjusted from RMB263.23 per share to RMB139.45 per share as a result of dividend distribution and capitalization of capital reserve of the Company.

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Pursuant to the proposals such as “Proposal on the 2023 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “2023 Incentive Plan”) approved at the 2023 first extraordinary general meeting of the Company on 24 August 2023, at the 23th meeting of the third session of the Board, it was confirmed that 10,090,401 type 2 restricted stock were granted to 422 incentive recipients which in initial grant portion and 1,039,602 type 2 restricted stock were granted to 16 incentive recipients which in reserved grant portion on 8 September 2023 as the grant date at a grant price of RMB112.71 per share. The restricted stock granted to certain middle-level management personnels will be vested in two periods after 12 months from the grant date, and the maximum vesting percentage in each period will be 50% and 50%, respectively, according to the Company’s performance appraisal and individual performance appraisal, etc.; the restricted stock granted to certain senior management members and middle-level management personnels will be vested in five periods after 12 months from the grant date, and the maximum vesting percentage for each period will be 20%, according to the Company’s performance appraisal and individual performance appraisal, etc..

The number of restricted stock granted to the Group’s incentive participants is summarised as follows:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2023	2024
			(unaudited)	
As at beginning of the year/period	16,838,220	12,064,648	12,064,648	20,086,130
Granted	2,906,129	20,624,383	20,624,383	—
Vested	(7,278,857)	(11,934,083)	(10,116,734)	(3,568,447)
Lapse	(400,844)	(668,818)	(452,362)	(1,139,625)
	<u>12,064,648</u>	<u>20,086,130</u>	<u>22,119,935</u>	<u>15,378,058</u>

37. RESERVE

The Group

During the Track Record Period, the amounts of the Group’s reserves and the changes therein are presented in the consolidated statements of changes in equity.

The Company

	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Total
	RMB’000 Note 35	RMB’000 Note 35	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2022	<u>2,330,851</u>	<u>(443,535)</u>	<u>44,963,903</u>	<u>2,600,973</u>	<u>1,165,426</u>	<u>23,902,051</u>	<u>74,519,669</u>
Profit for the year	—	—	—	—	—	22,071,411	22,071,411
Other comprehensive income for the year	—	—	—	<u>1,874,916</u>	—	—	<u>1,874,916</u>
Total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,874,916</u>	<u>—</u>	<u>22,071,411</u>	<u>23,946,327</u>
Appropriation of statutory reserve	—	—	—	—	55,832	(55,832)	—
Dividends declared (Note 14)	—	—	—	—	—	(1,593,064)	(1,593,064)
Share-based compensation expenses	—	—	554,825	—	—	—	554,825
Capital injection	111,664	189,544	45,145,888	—	—	—	45,447,096
Others	—	—	—	—	—	67,016	67,016
Transactions with owners	<u>111,664</u>	<u>189,544</u>	<u>45,700,713</u>	<u>—</u>	<u>55,832</u>	<u>(1,581,880)</u>	<u>44,475,873</u>

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	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Total
	<i>RMB'000</i> <i>Note 35</i>	<i>RMB'000</i> <i>Note 35</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022 and							
1 January 2023	2,442,515	(253,991)	90,664,616	4,475,889	1,221,258	44,391,582	142,941,869
Profit for the year	–	–	–	–	–	32,904,709	32,904,709
Other comprehensive loss for the year	–	–	–	(4,526,057)	–	–	(4,526,057)
Total comprehensive (loss)/income for the year	–	–	–	(4,526,057)	–	32,904,709	28,378,652
Appropriation of statutory reserve	–	–	–	–	978,263	(978,263)	–
Share-based compensation expenses	–	–	664,798	–	–	–	664,798
Capital injection	2,618	(1,318,981)	390,355	–	–	–	(926,008)
Dividends declared (<i>Note 14</i>)	–	–	–	–	–	(6,154,689)	(6,154,689)
Conversion of capital reserve into share capital	1,953,908	–	(1,953,908)	–	–	–	–
Transfer of other comprehensive income to retained earnings	–	–	–	(316,612)	–	316,612	–
Others	–	–	1,070,181	–	–	–	1,070,181
Transactions with owners	1,956,526	(1,318,981)	171,426	(316,612)	978,263	(6,816,340)	(5,345,718)
As at 31 December 2023 and							
1 January 2024	4,399,041	(1,572,972)	90,836,042	(366,780)	2,199,521	70,479,951	165,974,803
Profit for the period	–	–	–	–	–	45,387,637	45,387,637
Other comprehensive income for the period	–	–	–	418,376	–	–	418,376
Total comprehensive income for the period	–	–	–	418,376	–	45,387,637	45,806,013
Share-based compensation expenses	–	–	666,321	–	–	–	666,321
Capital injection	3,335	(1,203,161)	414,760	–	–	–	(785,066)
Dividends declared (<i>Note 14</i>)	–	–	–	–	–	(22,058,085)	(22,058,085)
Others	–	–	186,448	–	–	–	186,448
Transactions with owners	3,335	(1,203,161)	1,267,529	–	–	(22,058,085)	(21,990,382)
As at 30 September 2024	4,402,376	(2,776,133)	92,103,571	51,596	2,199,521	93,809,503	189,790,434

The directors of the Company considered that none of the non-wholly-owned subsidiaries have non-controlling interests that are material to the Group, therefore, no summarised financial information of these non-wholly-owned subsidiaries are presented separately.

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38. SUPPLIER FINANCE ARRANGEMENT (“SFA”)

The Group introduces third party supply chain information service platform to provide services to its suppliers holding the Group’s electronic debt certificates. The Group’s payment obligations under the electronic debt certificates are unconditional and irrevocable, and unaffected by any commercial disputes between the parties involved in the transfer of the electronic debt certificates. The Group shall not claim set-off or raise any defense against the payment obligations. According to the business rules, the Group shall transfer the amounts stated in the electronic debt certificates on the payment date. The electronic debt certificates are transferable and financially viable.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount of financial liabilities that are part of SFA			
Presented as part of:			
– Trade and bills payables	12,929,789	31,999,446	36,673,967
Payment have been received by the suppliers from the finance provider			
– Trade and bills payables	<u>11,479,852</u>	<u>22,736,349</u>	<u>24,326,072</u>

The range of payment due dates for the liabilities presented as trade and bills payables that are part of SFA and those comparable trade payables that are not part of SFA had no significant changes. The payment days are generally within 90 days.

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39. FINANCIAL GUARANTEE CONTRACT

The Group has executed guarantees with respect to loans and factoring to its significant related parties and third parties. Under the guarantees, the Group would be liable to pay the lender if the lender is unable to recover the loans and factoring. At the end of each reporting period, the outstanding balance of the loans and factoring represents the Group’s maximum exposure under the financial guarantee contract. The Group’s management considers that the fair values of these financial guarantee contracts at their initial recognition and at the end of each reporting period are insignificant on the basis of low applicable default rates due to the significant related parties and third parties are in strong financial positions.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Guarantees to related parties			
– Original amount of loans and factoring.	929,000	2,309,000	1,809,000
– Guarantee amount executed.	542,660	836,960	591,960
– Outstanding balance of guarantee amount	204,831	464,873	451,730
Guarantees to third parties			
– Original amount of loans and factoring.	6,200,000	5,000,000	7,620,000
– Guarantee amount executed.	10,000,000	10,000,000	10,512,000
– Outstanding balance of guarantee amount	5,900,000	4,270,000	2,846,000

40. PLEDGED ASSETS

At the end of each reporting period, the Group’s certain assets have been pledged to secure bills payables, borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group at the end of each reporting period are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Property, plant and equipment (<i>Note 16</i>)	5,628,225	4,967,566	7,902,953
Prepaid lease payments.	1,742,590	1,292,171	1,362,312
Intangible assets	–	–	93,412
Trade and bills receivables	3,526,084	1,752,269	477,966
Restricted cash.	32,510,498	22,475,346	21,910,359
	43,407,397	30,487,352	31,747,002

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41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period are as follows:

	Borrowings	Corporate bonds	Lease liabilities
	<i>RMB'000</i> <i>Note 32</i>	<i>RMB'000</i> <i>Note 32</i>	<i>RMB'000</i> <i>Note 33</i>
As at 1 January 2022	37,159,348	17,367,606	524,070
Cash flows	34,641,956	3,710,000	(170,507)
Interest paid	(1,493,826)	(438,332)	(27,977)
Interest expense	1,716,032	451,308	27,977
Other non-cash movements	6,548,850	1,198,826	331,893
As at 31 December 2022 and 1 January 2023 . . .	78,572,360	22,289,408	685,456
Cash flows	25,800,424	(3,000,000)	(108,863)
Interest paid	(2,333,986)	(538,136)	(17,783)
Interest expense	3,281,793	438,310	17,783
Other non-cash movements	1,327,597	258,073	(186,998)
As at 31 December 2023 and 1 January 2024 . . .	106,648,188	19,447,655	389,595
Cash flows	3,871,979	–	(259,279)
Interest paid	(1,975,709)	(275,917)	(35,964)
Interest expense	2,809,113	329,011	35,964
Other non-cash movements	(615,601)	(180,316)	679,334
As at 30 September 2024	110,737,970	19,320,433	809,650
As at 1 January 2023 (audited)	78,572,360	22,289,408	685,456
Cash flows	24,646,197	(3,000,000)	(138,906)
Interest paid	(1,873,700)	(382,530)	(13,500)
Interest expense	2,109,620	338,168	13,500
Other non-cash movements	(784,057)	431,266	104,138
As at 30 September 2023 (unaudited)	102,670,420	19,676,312	650,688

(b) Non-cash transactions

The material non-cash transaction is mainly related to the settlement of acquisition of a subsidiary through partially disposal of equity interest of an owned subsidiary, details are disclosed in Note 47.2 to the Historical Financial Information.

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42. COMMITMENTS

(a) Capital commitments

At the end of each reporting period, capital commitments contracted but not provided for in the Historical Financial Information were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for, net of deposits/investments paid			
– Property, plant and equipment	24,718,447	9,874,853	13,921,439
– Subscribed capital contribution of associated companies	26,748,707	–	–
	<u>51,467,154</u>	<u>9,874,853</u>	<u>13,921,439</u>

(b) As lessee

At the end of each reporting period, the Group’s lease commitments for short-term leases are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	<u>502,617</u>	<u>422,466</u>	<u>357,112</u>

43. RELATED PARTY TRANSACTIONS

Other than as disclosed in elsewhere to the Historical Financial Information, the Group entered into the following material related party transactions during the Track Record Period.

(a) Relationships with related parties

Name of related party	Relationship with the Group
Anmai Contemporary Intelligent Manufacturing (Ningde) Co., Ltd.* (安脈時代智能製造(寧德)有限公司)	An associate of the Group
Avita Technology (Chongqing) Co., Ltd.* (阿維塔科技(重慶)有限公司).	An associate of the Group from March 2022
Beijing Kuche Yimei Network Technology Co., Ltd.* (北京酷車易美網絡科技有限公司)	An associate of the Group from August 2023
Changzhou Liyuan New Energy Technology Co., Ltd. (常州鋰源新能源科技有限公司) and its subsidiaries	Associates of the Group
Changzhou Mengteng Intelligent Equipment Co., Ltd.* (常州孟騰智能裝備有限公司)	An associate of the Group
CHC Co., Ltd. and its subsidiary	Associates of the Group from September 2022
CMOC Group Limited (洛陽樂川鋁業集團股份有限公司) and its subsidiaries.	Associates of the Group from March 2023
Foshan Huapu Gas Technology Co., Ltd.* (佛山華普氣體科技有限公司)	An associate of the Group
Fujian Contemporary Nebula Technology Co., Ltd.* (福建時代星雲科技有限公司).	An associate of the Group
Fujian Hongda Contemporary Amperex Technology Co., Ltd.* (福建宏大時代新能源科技有限公司)	An associate of the Group
Fujian Ningde Zhixiang Unlimited Technology Co., Ltd.* (福建寧德智享無限科技有限公司) and its subsidiary.	Associates of the Group

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Name of related party	Relationship with the Group
Fujian Yongfu Power Engineering Co., Ltd.* (福建永福電力設計股份有限公司) and its subsidiary	Associates of the Group
Ganghua Times Smart Energy Technology (Suzhou) Co., Ltd.* (港華時代智慧能源科技(蘇州)有限公司)	An associate of the Group
Geo Micro Devices (Xiamen) Co., Ltd.* (格威半導體(廈門)有限公司).	An associate of the Group from April 2023
Guian New Area Zhongke Xingcheng Graphite Co., Ltd.* (貴安新區中科星城石墨有限公司)	An associate of the Group from July 2022
Guizhou Phosphating New Energy Technology Co., Ltd.* (貴州磷化新能源科技有限責任公司)	An associate of the Group from February 2022
Hangzhou Anmaisheng Intelligent Technology Co., Ltd.* (杭州安脈盛智能技術有限公司) and its subsidiary	Associates of the Group
Henan Yuexin Times New Energy Technology Co., Ltd.* (河南躍薪時代新能源科技有限公司)	An associate of the Group
Inceptio Group Limited and its subsidiary	Associates of the Group
Jiangxi Chunyou Lithium Industry Co., Ltd.* (江西春友鋰業有限公司).	An associate of the Group
Jiangxi Shenghua New Materials Co., Ltd.* (江西升華新材料有限公司) and its subsidiary	Associates of the Group
KFM Holding Limited	An associate of the Group from August 2022
Nengjian Times (Shanghai) New Energy Storage Technology Research Institute Co., Ltd.* (能建時代(上海)新型儲能技術研究院有限公司)	An associate of the Group from August 2023
Newstride Technology Limited	An associate of the Group
Ningde Huizhi Magnesium Aluminum Technology Co., Ltd.* (寧德匯智鎂鋁科技有限公司) formerly known as Ningde Wenda Magnesium Aluminum Technology Co., Ltd.* (寧德文達鎂鋁科技有限公司)	An associate of the Group
Ningde Times Kostar Technology Co., Ltd.* (寧德時代科士達科技有限公司)	An associate of the Group
Ningxiang Jinli-Brunp Environmental Technology Co., Ltd.* (寧鄉金鋰邦普環保科技有限公司)	An associate of the Group
PT Sumberdaya Arindo	An associate of the Group from December 2023
PT. QMB New Energy Materials and its subsidiary	Associates of the Group
Qujing Lintie Technology Co., Ltd.* (曲靖市麟鐵科技有限公司) and its subsidiary	Associates of the Group
Shandong Genyuan New Materials Co., Ltd.* (山東亘元新材料股份有限公司) and its subsidiaries	Associates of the Group
Shanghai Core Times New Energy Technology Co., Ltd.* (上海芯時代新能源科技有限公司)	An associate of the Group from June 2023
Shanghai Jieneng Zhidian New Energy Technology Co., Ltd.* (上海捷能智電新能源科技有限公司).	An associate of the Group from October 2022
Shanghai Qiyuanxin Power Technology Co., Ltd.* (上海啟源芯動力科技有限公司).	An associate of the Group
Shanghai Ronghe Dianke Financial Leasing Co., Ltd.* (上海融和電科融資租賃有限公司) and its subsidiary	Associates of the Group
Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.* (上海杉杉鋰電材料科技有限公司) and its subsidiaries.	Associates of the Group from June 2022
Shaowu Yongtai Hi-Tech Material Co., Ltd. (邵武永太高新材料有限公司)	An associate of the Group
Shenzhen Gecko New Energy Vehicle Technology Co., Ltd.* (深圳壁虎新能源汽車科技有限公司).	An associate of the Group from December 2022
Shenzhen Geesun Intelligent Technology Co., Ltd. (深圳吉陽智能科技有限公司) and its subsidiaries.	Associates of the Group from January 2022
Shenzhen Shengde New Energy Technology Co., Ltd.* (深圳盛德新能源科技有限公司) and its subsidiary	Associates of the Group
Suzhou Xinlian Motor Co., Ltd.* (蘇州新聯電機有限公司)	An associate of the Group from May 2022
Times Guangqi Power Battery Co., Ltd.* (廣汽時代動力電池系統有限公司).	An associate of the Group

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Name of related party	Relationship with the Group
Times Smart Technology (Fujian) Co., Ltd.* (時代智慧科技(福建)有限公司) and its subsidiary	Associates of the Group
United Auto Battery System Co., Ltd. (上汽時代動力電池系統有限公司)	An associate of the Group
Veinstone Investment Limited	An associate of the Group before April 2023
Wuxi Lead Intelligent Equipment Co., Ltd. 無錫先導智能裝備股份有限公司 and its subsidiary	Associates of the Group
Xiamen Xinnengda Technology Co., Ltd.* (廈門新能達科技有限公司) and its subsidiary	Associates of the Group from June 2022
Yibin Tianyi Lithium Technology Innovation Co., Ltd. (宜賓市天宜鋰業科創有限公司) and its subsidiary	Associates of the Group
Yichun Longpan Era Lithium Industry Technology Co., Ltd.* (宜春龍蟠時代鋰業科技有限公司) (<i>Note (ii)</i>)	An associate of the Group from November 2022
Yifeng Huaqiao Yongtuo Mining Co., Ltd.* (宜豐縣花橋永拓礦業有限公司) and its subsidiary	Associates of the Group
Zhicun Lithium Industry Group Co., Ltd.* (志存鋰業集團有限公司) and its subsidiaries	Associates of the Group before March 2023
Chengdu Electric Service Trading Investment Energy Technology Co., Ltd.* (成都電服交投能源科技有限公司)	A joint venture of the Group from June 2023
Jinjiang Min Investment Electric Power Storage Technology Co., Ltd.* (晉江閩投電力儲能科技有限公司)	A joint venture of the Group
Ningpu Contemporary Battery Technology Co., Ltd.* (寧普時代電池科技有限公司) and its subsidiary (<i>Note (i)</i>)	Joint ventures of the Group before January 2024
Shanghai Kuaibu New Energy Technology Co., Ltd.* (上海快卜新能源科技有限公司) and its subsidiary	Joint ventures of the Group
Contemporary (Fujian) Energy Storage Development Co., Ltd.* (時代儲能(福建)科技有限公司) and its subsidiary	Joint ventures of the Group
Yibin Sanjiang Lvcheng Energy Technology Co., Ltd.* (宜賓三江綠城能源科技有限公司)	A joint venture of the Group from March 2022
Hainan Yi'an Business Consulting Co., Ltd.* (海南亦安商務諮詢有限公司)	A related company controlled by a close-member of the key management personnel of the Company from November 2022
Shanghai Shida Investment Management Co., Ltd.* (上海適達投資管理有限公司)	A related company controlled by the key management personnel of the Company
Xinqi Information Technology (Shanghai) Co., Ltd.* (欣起信息科技(上海)有限公司)	A related company controlled by the key management personnel of the Company from November 2022

* *For Identification only*

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Notes:

- (i) Ningpu Contemporary Battery Technology Co., Ltd. (“Ningpu Contemporary”) was a joint venture of the Group. Upon the acquisition of equity interests in January 2024, the shareholding increased to 94.44% and Ningpu Contemporary became a subsidiary of the Group.
- (ii) Yichun Longpan Era Lithium Industry Technology Co., Ltd. (“Yichun Longpan”) was a subsidiary of the Group and was disposed 70% of its equity interests to a third party in November 2022. Since then, Yichun Longpan was no longer in the scope of consolidation of the Group and became an associate of the Group.

(b) Transactions with related parties

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Sales transactions:				
– Associates	6,938,549	7,546,371	5,585,824	5,989,104
– Joint ventures	632,037	214,895	67,031	14,120
– A related company of the Group or key management personnel . . .	–	–	–	12
	<u>7,570,586</u>	<u>7,761,266</u>	<u>5,652,855</u>	<u>6,003,236</u>
Procurement transactions:				
– Associates	27,826,887	21,469,688	14,496,300	18,532,784
– Joint ventures	–	47	47	21
– A related company of the Group or key management personnel . . .	–	12,708	6,603	3,736
	<u>27,826,887</u>	<u>21,482,443</u>	<u>14,502,950</u>	<u>18,536,541</u>

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(c) Balances with related parties

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts due from related parties:			
Trade and bills receivables			
Associates of the Group	1,180,016	790,774	1,617,868
Joint ventures of the Group	131,896	80,427	30,406
Contract assets			
Associates of the Group	1,214	1,967	1,966
Joint ventures of the Group	–	395	395
Prepayments, deposits and other assets (Note)			
Associates of the Group	4,263,804	16,220,096	13,251,598
Joint ventures of the Group	–	971	1,418
	<u>5,576,930</u>	<u>17,094,630</u>	<u>14,903,651</u>
	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts due to related parties:			
Trade and bills payables			
Associates of the Group	3,061,262	2,770,779	5,814,264
Joint ventures of the Group	–	47	–
Contract liabilities			
Associates of the Group	377,575	873,234	161,281
Joint ventures of the Group	36,938	72,253	15,744
Other payables and accruals (Note)			
Associates of the Group	5,172,813	4,040,231	3,991,446
Joint ventures of the Group	–	2,380	5,827
A related company of the Group or key management personnel.	–	129,941	–
	<u>8,648,588</u>	<u>7,888,865</u>	<u>9,988,562</u>

Note: The amounts are unsecured, interest-free and recoverable or repayable on demand.

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44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each reporting period are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost			
– Trade and bills receivables	61,492,601	65,772,258	66,995,151
– Deposits and other assets	19,454,171	16,070,648	18,131,123
– Bank balances, deposits and cash	190,139,815	261,710,833	259,786,078
Financial assets at FVTPL			
– Equity investments at fair value	2,645,307	2,816,190	2,980,958
– Wealth management products and structured deposits	1,981,328	7,767	22,002,410
Financial assets at FVTOCI			
– Equity investments at fair value	20,491,264	14,128,318	13,024,738
– Trade and bills receivables measured at FVTOCI	18,965,715	55,289,319	40,403,230
Derivative financial instruments	575,638	–	–
	<u>315,745,839</u>	<u>415,795,333</u>	<u>423,323,688</u>
Financial liabilities			
Financial liabilities measured at amortised cost			
– Trade and bills payables	191,747,512	167,825,751	165,846,800
– Other payables and accruals	53,507,023	80,669,840	48,026,332
– Borrowings	100,861,768	126,095,843	130,058,403
– Lease liabilities	685,456	389,595	809,650
Derivative financial instruments	–	3,941,410	2,499,377
	<u>346,801,759</u>	<u>378,922,439</u>	<u>347,240,562</u>

45. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

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

The level in the fair value hierarchy within which the financial asset or liability is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

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The table below analyses the Group’s financial instruments carried at fair value as at 31 December 2022, 2023 and 30 September 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

(a) Fair value hierarchy

As at 31 December 2022 and 2023 and 30 September 2024, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Equity investment at fair value. . .	–	–	2,645,307	2,645,307
– Wealth management products and structured deposits	–	1,981,328	–	1,981,328
<u>Financial assets at FVTOCI</u>				
– Equity investments at fair value . .	9,259,728	–	11,231,536	20,491,264
– Trade and bills receivables measured at FVTOCI	–	18,965,715	–	18,965,715
Derivative financial instruments . . .	575,638	–	–	575,638
	<u>9,835,366</u>	<u>20,947,043</u>	<u>13,876,843</u>	<u>44,659,252</u>
As at 31 December 2023				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Equity investment at fair value. . .	–	–	2,816,190	2,816,190
– Wealth management products and structured deposits	–	7,767	–	7,767
<u>Financial assets at FVTOCI</u>				
– Equity investments at fair value . .	4,574,590	–	9,553,728	14,128,318
– Trade and bills receivables measured at FVTOCI	–	55,289,319	–	55,289,319
	<u>4,574,590</u>	<u>55,297,086</u>	<u>12,369,918</u>	<u>72,241,594</u>
Financial liabilities				
– Derivative financial instruments . .	<u>3,941,410</u>	<u>–</u>	<u>–</u>	<u>3,941,410</u>
As at 30 September 2024				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Equity investment at fair value. . .	–	–	2,980,958	2,980,958
– Wealth management products and structured deposits	–	22,002,410	–	22,002,410
<u>Financial assets at FVTOCI</u>				
– Equity investments at fair value . .	5,765,648	–	7,259,090	13,024,738
– Trade and bills receivables measured at FVTOCI	–	40,403,230	–	40,403,230
	<u>5,765,648</u>	<u>62,405,640</u>	<u>10,240,048</u>	<u>78,411,336</u>
Financial liabilities				
– Derivative financial instruments . .	<u>2,499,377</u>	<u>–</u>	<u>–</u>	<u>2,499,377</u>

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During the Track Record Period, there was no transfer between Level 1 and Level 2 and between Level 2 and Level 3.

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise market approach, adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets and liabilities subject to Level 2 fair value measurement were mainly included wealth management products and structured deposits and receivables measured at FVTOCI are evaluated by market approach.

Assets subject to Level 3 fair value measurement were mainly included equity investments in unlisted entities at FVTPL and at FVTOCI. These assets and liabilities were measured mainly using market approach, adjusted net assets approach and recent transaction price approach. The judgment of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the Track Record Period, there are two, two and one equity investments were transferred from Level 3 to Level 1 respectively as the underlying investments, initial public offering was completed during the relevant reporting period.

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The quantitative information of fair value measurements as at 31 December 2022 and 2023 and 30 September 2024 for Level 3 is as follows:

	Fair value hierarchy	Fair value as at			Valuation technique	Unobservable input
		31 December		30 September		
		2022	2023	2024		
		RMB'000	RMB'000	RMB'000		
Financial assets at FVTPL						
Unlisted equity investments	Level 3	2,645,307	2,816,190	2,980,958	Adjusted net assets approach	Discount for lack of marketability
Financial assets at FVTOCI						
Unlisted equity investments	Level 3	6,482,944	8,567,848	5,496,117	Recent transaction price	N/A
	Level 3	4,748,592	985,880	1,762,973	Market approach	Discount for lack of marketability
						Price earnings ratio
						Price sales ratio
						Price book ratio
		13,876,843	12,369,918	10,240,048		

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments of the Group comprise cash and cash equivalents, and time deposits and restricted cash, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The risks of the Group’s financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Group has entered into certain foreign exchange forward contracts as set out in Note 27 to mitigate part of its foreign exchange exposure. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entities to which the transactions relate. The foreign currencies giving rise to this risk are primarily United States dollars (“USD”) and EUR.

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group’s subsidiaries. To ensure the currency risk exposure of the Group is kept to an acceptable level and seeks to minimise the gap between assets and liabilities in the same currency. Foreign exchange contracts (i.e., forward foreign exchange contracts) are usually used to manage foreign currency risk associated with foreign currency-denominated assets and liabilities.

As at 31 December 2022 and 2023 and 30 September 2024, for the Group’s subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD	EUR	Others
	RMB'000	RMB'000	RMB'000
As at 31 December 2022			
Assets	47,143,528	18,234,746	286,614
Liabilities	(26,999,593)	(975,822)	(170,561)
Net exposure	<u>20,143,935</u>	<u>17,258,444</u>	<u>116,053</u>
As at 31 December 2023			
Assets	64,452,971	35,244,745	580,861
Liabilities	(31,073,749)	(143,919)	(22,293)
Net exposure	<u>33,379,222</u>	<u>35,100,826</u>	<u>558,568</u>
As at 30 September 2024			
Assets	59,762,962	37,654,956	9,756,980
Liabilities	(32,441,851)	(787,725)	(265,813)
Net exposure	<u>27,321,111</u>	<u>36,867,231</u>	<u>9,491,167</u>

If USD and EUR appreciates or depreciates against RMB and other factors remain unchanged, profit before income tax for the Track Record Period would have been higher or lower correspondingly.

Other change in foreign exchange rates have no significant impact on foreign currency risk.

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Price risk

Equity price risk

The Group is exposed to equity price risk mainly arising from equity investments held by the Group that are classified as FVTOCI which will not be sold within one year.

Sensitivity analysis is performed by management to assess the exposure of the Group’s financial results to equity price risk of financial assets measured at FVTOCI at the end of each reporting period. If prices of the equity investments classified at FVTOCI held by the Group had been 10% higher/lower as at 31 December 2022 and 2023 and 30 September 2024, profit before income tax for the Track Record Period would have been RMB925,973,000, RMB457,459,000 and RMB576,565,000 higher/lower, respectively as a result of gains/losses on equity investments classified at FVTOCI.

Commodity price risk

Management considers that the price fluctuation on the commodity does not have a significant impact to the Group’s profit before income tax and cash flows for the Track Record Period as the Group uses derivative financial instruments, including commodity price risks contracts to manage a portion of such risks.

Other price risk

The Group is exposed to other price risk. Major financial assets for the purpose of other price sensitivity analysis include financial assets at FVTPL (other than equity investments).

It is estimated that an increase/decrease of 10% in other price risk would increase/decrease the Group’s profit before income tax for the years ended 31 December 2022 and 2023 and nine months ended 30 September 2024 would have been RMB198,133,000, RMB777,000 and RMB2,200,241,000 higher/lower, respectively, as a result of gains/losses on financial instruments classified as at FVTPL.

Interest rate risk

The Group’s interest rate risk primarily arises from long-term interest-bearing borrowings, corporate bonds and lease liabilities. Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk. Long-term borrowings issued at fixed rates, corporate bonds and lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group may enter into certain interest rate swap contracts to swap variable rates into fixed rates.

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The following tables list out the interest rate profiles of the Group’s variables interest-bearing financial instruments as at 31 December 2022 and 2023 and 30 September 2024:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Floating rate instruments			
– Borrowings	43,208,622	69,224,044	70,553,023

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher RMB216,043,000, RMB346,120,000 and RMB352,765,000, as at 31 December 2022 and 2023 and 30 September 2024, respectively.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group’s maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost and trade and bills receivables measured at FVTOCI as disclosed in Note 44 to the Historical Financial Information.

As at 31 December 2022 and 2023 and 30 September 2024, other than financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group arising from financial guarantees provided by the Group to its related companies and third parties as disclosed in Note 39 to the Historical Financial Information.

Trade receivables and contract assets

The Group’s policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the credit control department. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Group’s policy to request collateral from its customers.

The Group has applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables and contract assets. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is assessed individually or based on provision matrix, as appropriate, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For trade receivables from related parties, the Group considers the counterparties with relatively good credit worthiness based on past experience and satisfactory settlement history. The Group assessed the ECL for trade receivables from related parties was insignificant during the Track Record Period.

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A default on trade receivables and contract assets is when the counterparty fails to make contractual payments when they fall due.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

On that basis, the ECL allowance as at 31 December 2022 and 2023 and 30 September 2024 was determined as follows for both trade receivables and contract assets:

	Trade receivables			Contract assets		
	Gross carrying amount	ECL allowance	Expected loss rate	Gross carrying amount	ECL allowance	Expected loss rate
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
As at 31 December 2022						
Assessed based on grouping	59,711,901	1,745,384	2.92%	184,570	9,707	5.26%
Assessed individual . .	85,135	85,135	100.00%	–	–	N/A
	<u>59,797,036</u>	<u>1,830,519</u>		<u>184,570</u>	<u>9,707</u>	
As at 31 December 2023						
Assessed based on grouping	65,980,322	1,959,788	2.97%	266,257	32,293	12.13%
Assessed individual . .	85,135	85,135	100.00%	–	–	N/A
	<u>66,065,457</u>	<u>2,044,923</u>		<u>266,257</u>	<u>32,293</u>	
As at 30 September 2024						
Assessed based on grouping	68,943,554	2,287,159	3.32%	390,540	27,398	7.02%
Assessed individual . .	591,746	545,431	92.17%	–	–	N/A
	<u>69,535,300</u>	<u>2,832,590</u>		<u>390,540</u>	<u>27,398</u>	

Bills receivables

Credit risk for bills receivables is considered to be immaterial, as all bills receivables are bank acceptance notes, and the Group did not expect that there would be any significant losses from non-performance by these banks.

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Deposits and other assets

Over the term of deposits and other assets, the Group accounts for its credit risk by appropriately providing for ECL on a timely basis. To assess whether there is a significant increase in credit risk in deposits and other assets, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity hence the ECL is minimal.

As stated in Note 26 to the Historical Financial Information, impairment on deposits and other assets accounted as amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the ECL allowance for deposits and other assets as at 31 December 2022 and 2023 and 30 September 2024:

	Deposit and other assets			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2022				
Expected loss rate	0.01%	N/A	100.00%	
Gross carrying amount	19,454,360	–	114,247	19,568,607
ECL allowance	(189)	–	(114,247)	(114,436)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2023				
Expected loss rate	0.63%	N/A	100.00%	
Gross carrying amount	16,172,570	–	108,070	16,280,640
ECL allowance	(101,922)	–	(108,070)	(209,992)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 September 2024				
Expected loss rate	0.99%	N/A	100.00%	
Gross carrying amount	18,312,859	–	108,070	18,420,929
ECL allowance	(181,736)	–	(108,070)	(289,806)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include bank balances, deposits and cash.

Credit risk for bank balances, deposits and cash is considered to be immaterial, as the counterparts are banks/financial institutions with high credit ratings by international credit rating agencies.

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Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group’s financial liabilities by relevant maturity groupings based on the remaining period since the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year	1 to 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022					
<u>Non-derivatives</u>					
Trade and bills payables (including SFA)	191,747,512	–	–	191,747,512	191,747,512
Other payables and accruals (including long-term payables) . . .	53,507,023	–	–	53,507,023	53,507,023
Borrowings	21,959,108	57,715,460	31,768,490	111,443,058	100,861,768
Lease liabilities	140,143	345,729	348,292	834,164	685,456
	<u>267,353,786</u>	<u>58,061,189</u>	<u>32,116,782</u>	<u>357,531,757</u>	<u>346,801,759</u>
Financial guarantee issued maximum amount (Note)	<u>2,926,391</u>	<u>3,109,800</u>	<u>68,640</u>	<u>6,104,831</u>	<u>6,104,831</u>
As at 31 December 2023					
<u>Non-derivatives</u>					
Trade and bills payables (including SFA)	167,825,751	–	–	167,825,751	167,825,751
Other payables and accruals (including long-term payables) . . .	55,251,958	25,342,026	118,000	80,711,984	80,669,840
Borrowings	22,487,745	74,192,170	35,362,920	132,042,835	126,095,843
Lease liabilities	119,458	250,380	62,851	432,689	389,595
<u>Derivatives</u>					
Derivative financial instruments	<u>3,941,410</u>	<u>–</u>	<u>–</u>	<u>3,941,410</u>	<u>3,941,410</u>
	<u>249,626,322</u>	<u>99,784,576</u>	<u>35,543,771</u>	<u>384,954,669</u>	<u>378,922,439</u>
Financial guarantee issued maximum amount (Note)	<u>1,022,368</u>	<u>3,345,095</u>	<u>367,410</u>	<u>4,734,873</u>	<u>4,734,873</u>

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	Within 1 year	1 to 5 years	Over 5 years	Total undiscounted amount	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 30 September 2024					
<u>Non-derivatives</u>					
Trade and bills payables (including SFA)	165,846,800	–	–	165,846,800	165,846,800
Other payables and accruals (including long-term payables) . . .	51,857,553	209,941	98,733	52,166,227	48,026,332
Borrowings	31,714,149	78,973,695	28,564,305	139,252,149	130,058,403
Lease liabilities	123,228	684,767	106,625	914,620	809,650
<u>Derivatives</u>					
Derivative financial instruments	2,499,377	–	–	2,499,377	2,499,377
	<u>252,041,107</u>	<u>79,868,403</u>	<u>28,769,663</u>	<u>360,679,173</u>	<u>347,240,562</u>
Financial guarantee issued maximum amount (Note)	<u>1,722,750</u>	<u>1,039,363</u>	<u>535,617</u>	<u>3,297,730</u>	<u>3,297,730</u>

Note: The amount represents the maximum amount that the Group could be required to settle under the arrangement for the full guaranteed amount.

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at 31 December		As at 30 September
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	600,952,353	717,168,041	738,235,004
Total liabilities	424,043,192	497,284,891	474,934,361
Asset-liability ratio	<u>70.56%</u>	<u>69.34%</u>	<u>64.33%</u>

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47. ACQUISITIONS OF SUBSIDIARIES

The net cash flow impact of acquisitions of business and assets during the Track Record Period are as below:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Total cash outflow (<i>Note</i>)	–	6,803,763	351,604
Less: cash and cash equivalents acquired.	(22,060)	(39,661)	(110,389)
	<u>(22,060)</u>	<u>6,764,102</u>	<u>241,215</u>

Note: Total acquisition consideration of RMB6,442,656,000 in 2023 was prepaid during the year ended 31 December 2022.

47.1 Acquisition of business

During the Track Record Period, acquisition of subsidiaries had no significant impact on the Group’s Historical Financial Information.

The aggregate fair values of the identifiable assets and liabilities at the date of acquisition were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	1,094,709	30,334	711,590
Non-current assets	431,707	177,103	343,949
Current liabilities	(272,615)	(5,072)	(194,712)
Non-current liabilities	(48,840)	–	–
Net assets acquired	1,204,961	202,365	860,827
Less: non-controlling interests	(531,257)	(80,570)	(47,834)
Add: goodwill (<i>Note 18</i>)	176,214	239,311	181,080
	<u>849,918</u>	<u>361,106</u>	<u>994,073</u>

47.2 Acquisition of assets

Yajiang Snowway Mining Development Co., Ltd. (雅江縣斯諾威礦業發展有限公司)

In December 2022, the Group signed the “Yajiang Snowway Mining Development Co., Ltd. Bankruptcy Reorganisation Case and Restructuring Investment Agreement” (雅江縣斯諾威礦業發展有限公司破產重整案重整投資協定) with the bankruptcy administrator of Yajiang Snowway Mining Development Co., Ltd. (雅江縣斯諾威礦業發展有限公司破產管理人) (the “Snowway Mining Administrator”), and paid a reorganisation fund of approximately RMB6,442.6 million which is the cost of acquisition of Snowway Mining.

In January 2023, the creditors of Yajiang Snowway Mining Development Co., Ltd. (the “Snowway Mining”) voted to approve the draft reorganisation plan of, and then the Court of Yajiang County ruled to approve the restructuring plan and terminate the bankruptcy reorganisation process. On 3 March 2023, Snowway Mining Administrator completed the handover work with the Group and the Group obtained 100% equity interest and control of Snowway Mining.

As Snowway Mining had ceased production and business operation before the acquisition, the Group considered the acquisition of Snowway Mining is an asset acquisition in substance.

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Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司)

The Company and its wholly-owned subsidiary Sichuan Contemporary signed an “Investment Framework Agreement” with Luoyang Guohong Investment Holding Group Co., Ltd. on 30 September 2022, and an “Investment Agreement” on 31 October 2022 for the acquisition of 100% equity interest in Luoyang Mining Group Co., Ltd. (“Luoyang Mining Group”) (洛陽礦業集團有限公司) which is an investment holding company and has 24.68% equity interests in CMOC Group Limited.