The following is the text of a report set out on pages I-1 to I-96, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TIANQI LITHIUM CORPORATION, MORGAN STANLEY ASIA LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of 天齊鋰業股份有限公司 (Tianqi Lithium Corporation, the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-96, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2019, 2020 and 2021, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2019, 2020 and 2021 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-96 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 2022 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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 preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical

Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2019, 2020 and 2021 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 31(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

June 30, 2022

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 Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Chengdu Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

Consolidated statements of profit or loss
(Expressed in Renminbi ("RMB"))

		Year ended December 31,		
	Note	2019	2020	2021
		RMB'000	RMB'000	RMB'000
Revenue	4(a)	4,816,361	3,215,231	7,597,863
Cost of sales		(2,119,084)	(1,888,239)	(2,909,979)
Gross profit		2,697,277	1,326,992	4,687,884
Other net income/(loss)	5	350,477	(195,126)	478,593
Selling and distribution expenses		(22,461)	(20,516)	(20,488)
Administrative expenses		(432,705)	(414,703)	(478,060)
Research and development costs		(48,363)	(24,269)	(18,826)
(Provision for)/reversal of impairment losses	6	(5,310,107)	(51,307)	1,652,402
(Loss)/profit from operations		(2,765,882)	621,071	6,301,505
Finance costs	7(a)	(2,045,506)	(1,835,563)	(1,474,799)
Share of profits less losses of associates		333,087	161,134	752,770
(Loss)/profit before taxation	7	(4,478,301)	(1,053,358)	5,579,476
Income tax	8(a)	(1,002,090)	(71,172)	(1,373,635)
(Loss)/profit for the year		(5,480,391)	(1,124,530)	4,205,841
Attributable to:				
Equity shareholders of the Company		(5,981,435)	(1,830,920)	3,649,185
Non-controlling interests		501,044	706,390	556,656
(Loss)/profit for the year		(5,480,391)	(1,124,530)	4,205,841
(Loss)/earnings per share	11			
Basic (RMB)		(4.41)	(1.24)	2.47
Diluted (RMB)		(4.41)	(1.24)	2.47

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of profit or loss and other comprehensive income
(Expressed in RMB)

	Note	Year ended December 31, 2019 RMB'000	2020 RMB'000	2021 RMB'000
(Loss)/profit for the year		(5,480,391)	(1,124,530)	4,205,841
Other comprehensive income for the year (after tax and reclassification adjustments)	12			
Items that will not be reclassified to profit or loss:				
Equity investments at FVOCI—net movement in fair value reserves (non-recycling)		—	—	400,928
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China		90,510	205,961	(773,847)
Share of other comprehensive income of associates and joint ventures		2,390	(77,027)	(58,296)
Other comprehensive income for the year		92,900	128,934	(431,215)
Total comprehensive income for the year		(5,387,491)	(995,596)	3,774,626
Attributable to:				
Equity shareholders of the Company		(5,903,371)	(1,756,912)	3,624,269
Non-controlling interests		515,880	761,316	150,357
Total comprehensive income for the year		(5,387,491)	(995,596)	3,774,626

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position
(Expressed in RMB)

	Note	As at December 31, 2019	2020	2021
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	13	13,720,343	14,503,593	13,734,405
Intangible assets	14	164,956	131,290	118,811
Goodwill	15	416,101	416,101	416,101
Interests in associates	17	25,087,946	23,400,592	24,120,755
Interests in a joint venture	18	64,961	64,536	112,810
Financial assets measured at fair value	19	50,430	50,430	695,617
Derivative financial instruments	20	232,499	—	—
Deferred tax assets	29(b)	524,893	866,508	115,568
Restricted deposits	24	11,781	12,103	11,157
Other non-current assets		848	808	22,572
		40,274,758	39,445,961	39,347,796
Current assets				
Inventories	21	917,045	851,043	871,756
Trade and other receivables	23	1,024,363	891,806	3,369,533
Financial assets measured at fair value	19	10,000	—	—
Prepaid tax	29(a)	12,149	117,041	235,299
Derivative financial instruments	20	346	—	—
Restricted deposits	24	496,291	193,838	209,828
Cash and cash equivalents	24	3,930,936	788,206	1,766,096
		6,391,130	2,841,934	6,452,512
Current liabilities				
Trade and other payables	25	1,941,974	2,039,426	1,536,113
Derivative financial instruments	20	—	65,583	388,401
Contract liabilities	22	172,285	158,067	164,475
Bank loans and other borrowings	26	19,537,138	23,823,240	9,762,521
Lease liabilities	27	11,927	43,748	48,940
Deferred income	28	4,213	3,881	6,093
Current taxation	29(a)	541,102	230,310	686,872
		22,208,639	26,364,255	12,593,415
Net current liabilities		(15,817,509)	(23,522,321)	(6,140,903)
Total assets less current liabilities		24,457,249	15,923,640	33,206,893
Non-current liabilities				
Bank loans and other borrowings	26	14,326,021	6,329,364	11,800,154
Deferred income	28	71,034	70,099	66,477
Deferred tax liabilities	29(b)	555,060	993,174	978,520
Lease liabilities	27	201,257	245,978	200,442
Derivative financial instruments	20	46,733	424,837	—
Provision	30	321,709	403,394	335,270
Other non-current liabilities		29,116	28,968	33,078
		15,550,930	8,495,814	13,413,941
NET ASSETS		8,906,319	7,427,826	19,792,952

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position(continued)
(Expressed in RMB)

	Note	As at December 31, 2019	2020	2021
		RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES				
Share capital	31(c)	1,477,099	1,477,099	1,477,099
Reserves		5,482,734	3,724,329	12,879,967
Total equity attributable to equity shareholders of the Company		6,959,833	5,201,428	14,357,066
Non-controlling interests		1,946,486	2,226,398	5,435,886
TOTAL EQUITY		8,906,319	7,427,826	19,792,952

The accompanying notes form part of the Historical Financial Information.

Statements of financial position of the Company
(Expressed in RMB)

	Note	As at December 31, 2019	2020	2021
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment		6,447	2,167	1,275
Intangible assets		23,796	22,023	13,979
Interest in subsidiaries	16	7,913,787	10,674,386	10,635,966
Interests in associates	17	364,170	406,438	394,540
Financial assets measured at fair value	19	50,430	50,430	585,000
Deferred tax assets		36,068	40,663	—
		8,394,698	11,196,107	11,630,760
Current assets				
Trade and other receivables		9,038	6,306	923
Amounts due from subsidiaries	36	556,238	763,945	1,461,340
Restricted deposits	24(a)	—	25	333
Cash and cash equivalents	24(a)	2,952,160	7,221	120,254
		3,517,436	777,497	1,582,850
Current liabilities				
Trade and other payables	25	73,939	57,708	52,613
Derivative financial instruments		—	50,092	—
Contract liabilities	22	—	—	1,960
Bank loans and other borrowings	26	296,859	291,613	—
		370,798	399,413	54,573
Net current assets		3,146,638	378,084	1,528,277
Total assets less current liabilities		11,541,336	11,574,191	13,159,037
Non-current liabilities				
Bank loans and other borrowings	26	830	—	311,337
Deferred income		2,000	2,250	2,737
Deferred tax liabilities		—	—	105,312
Derivative financial instruments		46,733	—	—
		49,563	2,250	419,386
NET ASSETS		11,491,773	11,571,941	12,739,651
CAPITAL AND RESERVES				
Share capital	31(c)	1,477,099	1,477,099	1,477,099
Reserves		10,014,674	10,094,842	11,262,552
TOTAL EQUITY		11,491,773	11,571,941	12,739,651

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity

(Expressed in RMB)

	Note	Share capital	Capital reserves	Restricted shares held for share incentive schemes	Special reserves	PRC statutory reserves	Other reserves	Exchange reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		Attributable to equity shareholders of the Company										
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2019		1,142,053	4,584,882	(27,040)	21,481	326,362	(381,721)	(893,818)	5,366,882	10,139,081	1,801,094	11,940,175
Changes in equity for 2019:												
Loss for the year		—	—	—	—	—	—	—	(5,981,435)	(5,981,435)	501,044	(5,480,391)
Other comprehensive income		—	—	—	—	—	2,390	75,674	—	78,064	14,836	92,900
Total comprehensive income		—	—	—	—	—	2,390	75,674	(5,981,435)	(5,903,371)	515,880	(5,387,491)
Issuance of ordinary A shares	31(c)	335,111	2,571,594	—	—	—	—	—	—	2,906,705	—	2,906,705
Equity-settled share-based payments	32	—	—	—	—	—	4,292	—	—	4,292	—	4,292
Tax effect of share-based payments		—	—	—	—	—	(10,860)	—	—	(10,860)	—	(10,860)
Vesting of restricted A shares	32	—	23,389	25,887	—	—	(23,389)	—	—	25,887	—	25,887
Cancelation of restricted A shares	32	(65)	(1,088)	1,153	—	—	—	—	—	—	—	—
Share of other reserves of an associate		—	—	—	—	—	3,668	—	—	3,668	—	3,668
Safety production fund	31(d)	—	—	—	5,044	—	—	—	(5,044)	—	—	—
Appropriation to statutory reserves	31(d)	—	—	—	—	51,508	—	—	(51,508)	—	—	—
Dividends declared and paid in respect of the previous year	31(b)	—	—	—	—	—	—	—	(205,569)	(205,569)	—	(205,569)
Dividends paid to non-controlling shareholders		—	—	—	—	—	—	—	—	—	(370,488)	(370,488)
Balance at December 31, 2019		1,477,099	7,178,777	—	26,525	377,870	(405,620)	(818,144)	(876,674)	6,959,833	1,946,486	8,906,319

Consolidated statements of changes in equity (continued)

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
		Share capital	Capital reserves	Special reserves	PRC statutory reserves	Other reserves	Exchange reserves	Accumulated losses	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2020		1,477,099	7,178,777	26,525	377,870	(405,620)	(818,144)	(876,674)	6,959,833	1,946,486	8,906,319
Changes in equity for 2020:											
Loss for the year		—	—	—	—	—	—	(1,830,920)	(1,830,920)	706,390	(1,124,530)
Other comprehensive income		—	—	—	—	(77,027)	151,035	—	74,008	54,926	128,934
Total comprehensive income		—	—	—	—	(77,027)	151,035	(1,830,920)	(1,756,912)	761,316	(995,596)
Share of other reserves of an associate		—	—	—	—	(1,493)	—	—	(1,493)	—	(1,493)
Safety production fund	31(d)	—	—	5,765	—	—	—	(5,765)	—	—	—
Appropriation to statutory reserves	31(d)	—	—	—	9,827	—	—	(9,827)	—	—	—
Dividends paid to non-controlling shareholders		—	—	—	—	—	—	—	—	(481,404)	(481,404)
Balance at December 31, 2020		1,477,099	7,178,777	32,290	387,697	(484,140)	(667,109)	(2,723,186)	5,201,428	2,226,398	7,427,826

Consolidated statements of changes in equity (continued)

(Expressed in RMB)

		Attributable to equity shareholders of the Company										
	Note	Share capital	Capital reserves	Special reserves	PRC statutory reserves	Other reserves	Fair value reserves (non-recycling)	Exchange reserves	(Accumulated losses)/ Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2021		1,477,099	7,178,777	32,290	387,697	(484,140)	—	(667,109)	(2,723,186)	5,201,428	2,226,398	7,427,826
Changes in equity for 2021:												
Profit for the year		—	—	—	—	—	—	—	3,649,185	3,649,185	556,656	4,205,841
Other comprehensive income		—	—	—	—	(58,296)	400,928	(367,548)	—	(24,916)	(406,299)	(431,215)
Total comprehensive income		—	—	—	—	(58,296)	400,928	(367,548)	3,649,185	3,624,269	150,357	3,774,626
Share of other reserves of an associate		—	—	—	—	(1,771)	—	—	—	(1,771)	—	(1,771)
Safety production fund	31(d)	—	—	4,382	—	—	—	—	(4,382)	—	—	—
Appropriation to statutory reserves	31(d)	—	—	—	78,695	—	—	—	(78,695)	—	—	—
Dividends paid to non-controlling shareholders		—	—	—	—	—	—	—	—	—	(436,779)	(436,779)
Issuance of shares of a subsidiary to a non-controlling shareholder	16	—	—	—	—	5,533,140	—	—	—	5,533,140	3,495,910	9,029,050
Balance at December 31, 2021		1,477,099	7,178,777	36,672	466,392	4,988,933	400,928	(1,034,657)	842,922	14,357,066	5,435,886	19,792,952

Consolidated statements of cash flows
(Expressed in RMB)

	Note	Year ended December 31, 2019	2020	2021
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash generated from operations	24(b)	2,939,816	1,340,313	2,576,461
Corporate Income Tax paid		(892,918)	(424,559)	(343,544)
Net cash generated from operating activities		2,046,898	915,754	2,232,917
Payment for the purchase of property, plant and equipment and intangible assets		(3,735,397)	(962,863)	(1,000,912)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		96	84,740	8
Proceeds from disposal of financial assets at fair value through profit or loss		1,369,900	10,000	—
Payment for purchase of financial assets at fair value through profit or loss		(1,333,900)	—	—
Payment for investment in equity securities designated at FVOCI (non-recycling)		(49,925)	—	—
Settlement of direct cost incurred for acquisition of an associate		(131,113)	—	—
Dividend received from associates		550,688	346,768	861,722
Dividend received from equity securities		—	4,495	—
Proceeds from disposal of partial interest in an associate		—	—	73,215
Others		(8,331)	(3,630)	772
Net cash used in investing activities		(3,337,982)	(520,490)	(65,195)
Financing activities				
Proceeds from issue of ordinary A shares	31(c)	2,906,705	—	—
Issuance of shares of a subsidiary to a non-controlling shareholder		—	—	8,994,475
Proceeds from bank loans and other borrowings	24(c)	6,481,613	4,265,295	3,751,194
Repayments of bank loans and other borrowings	24(c)	(3,670,024)	(6,418,508)	(11,936,570)
Dividend paid to equity holders of the Company	31(b)	(205,569)	—	—
Dividends paid to non-controlling interests		(370,488)	(481,404)	(436,779)
Interest paid	24(c)	(1,687,791)	(798,152)	(1,245,888)
Capital element of lease rentals paid	24(c)	(10,224)	(38,349)	(36,457)
Interest element of lease rentals paid	24(c)	(1,164)	(2,317)	(9,428)
Net cash inflow/(outflow) from derivative financial instruments	24(c)	57,023	14,268	(49,698)
Restricted deposits for bank loans and other borrowings		523,515	(48,793)	(175,703)
Others		(20,289)	—	(2,994)
Net cash generated from/(used in) financing activities		4,003,307	(3,507,960)	(1,147,848)
Net increase/(decrease) in cash and cash equivalents		2,712,223	(3,112,696)	1,019,874
Cash and cash equivalents at January 1	24(a)	1,201,689	3,930,936	788,206
Effect of foreign exchange rate changes		17,024	(30,034)	(41,984)
Cash and cash equivalents at December 31	24(a)	3,930,936	788,206	1,766,096

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in thousands of Renminbi, unless otherwise stated)

1 Basis of preparation and presentation of Historical Financial Information

天齊鋰業股份有限公司 (Tianqi Lithium Corporation, the "Company") was incorporated in the People's Republic of China (the "PRC") on October 16, 1995 as a limited liability company under the Companies Law of the PRC. On August 31, 2010, the Company's A Shares were listed on Shenzhen Stock Exchange ("the A Share Listing").

The Company and its subsidiaries (together, "the Group") are principally engaged in lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including mineral concentrates.

The financial statements of the Company and its subsidiaries for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The Company's statutory financial statements for the years ended December 31, 2019, 2020 and 2021 were audited by Shine Wing CPA LLP 信永中和會計師事務所（特殊普通合夥）.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company Name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interests		Principal activities	Name of statutory auditor		
			Held by the Company	Held by a subsidiary		2019	2020	2021
Sichuan Tianqi Shenghe Lithium Co., Ltd. ("Shenghe Lithium") (四川天齊盛合鋰業有限公司) (i)(ii)(iii)	November 4, 2008 The PRC	RMB260,000,000	49%	51%	Mining	(ii)(a)	(ii)(a)	(ii)(a)
Chengdu Tianqi Lithium Co., Limited ("Chengdu Tianqi") (成都天齊鋰業有限公司) (i)(ii)(iii)	August 22, 2014 The PRC	RMB2,457,544,210	100%	—	Import and export trading	(ii)(a)	(ii)(a)	(ii)(a)
Tianqi Lithium (Jiangsu) Co., Limited ("Tianqi Lithium (Jiangsu)") (天齊鋰業（江蘇）有限公司) (i)(ii)(iii)	February 10, 2010 The PRC	RMB800,000,000	—	100%	Manufacture of lithium compounds and derivatives	(ii)(a)	(ii)(a)	(ii)(a)
Chongqing Tianqi Lithium Co., Limited ("Chongqing Tianqi") (重慶天齊鋰業有限責任公司) (i)(ii)(iii)	February 13, 2017 The PRC	RMB156,894,067	—	86.38%	Manufacture of lithium compounds and derivatives	(ii)(a)	(ii)(a)	(ii)(a)
Tianqi Lithium (Shehong) Co., Limited ("Shehong Tianqi") (天齊鋰業（射洪）有限公司) (i)(ii)(iii)	March 23, 2016 The PRC	RMB600,000,000	100%	—	Manufacture of lithium compounds and derivatives	(ii)(a)	(ii)(a)	(ii)(a)
Tianqi Xinlong Science & Technology (Chengdu) Co., Limited ("Tianqi Xinlong") (天齊鑫隆科技（成都）有限公司) (i)(ii)(iii)	May 3, 2017 The PRC	RMB2,100,000,000	100%	—	Import and export trading	(ii)(a)	(ii)(a)	(ii)(a)
Tianqi Lithium Resource Recycling Technologies Research & Development (Jiangsu) Co., Limited (天齊鋰業資源循環技術研發（江蘇）有限公司) (i)(ii)(iii)	September 28, 2017 The PRC	RMB7,000,000	—	100%	Research and development	(ii)(a)	(ii)(a)	(ii)(a)
Suining Tianqi Lithium Co., Ltd. ("Tianqi Suining") (遂寧天齊鋰業有限公司) (i)(ii)(iii)	January 3, 2018 The PRC	RMB35,000,000	—	100%	Manufacture of lithium compounds and derivatives	(ii)(a)	(ii)(a)	(ii)(a)
Tianqi Chuangli technology Shenzhen Co., Ltd. ("Tianqi Chuangli") (天齊創鋰科技（深圳）有限公司) (i)(ix)	September 14, 2021 The PRC	RMB10,000,000	—	100%	Consulting Services	N/A	N/A	(ii)(a)
Tianqi Lithium HK Co., Limited (ii)(v)	March 11, 2015 Hong Kong	HKD10,000 and USD71,300,000	—	100%	Investment holding and trade	(ii)(b)	(ii)(b)	(x)
Tianqi Lithium Energy Australia Pty Ltd (Formerly Tianqi UK Limited) ("TLEA") (ii)(vi)	March 26, 2014 The United Kingdom	Great Britain Pound ("GBP")185,124,078	2019 and 2020: 100% 2021: 51%	—	Investment holding and trade	(ii)(c)	(ii)(c)	(ii)(c)

Company Name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interests: Held by the Company	Proportion of ownership interests: Held by a subsidiary	Principal activities	Name of statutory auditor: 2019	Name of statutory auditor: 2020	Name of statutory auditor: 2021
Tianqi Finco Co., Limited ("Tianqi Finco") (viii)	June 6, 2017 The British Virgin Islands("BVI")	USD1	—	100%	Investment holding	N/A	N/A	N/A
Tianqi Bond Co., Limited ("Tianqi Bond") (viii)	June 6, 2017 The British Virgin Islands("BVI")	USD1	—	100%	Investment holding	N/A	N/A	N/A
Tianqi Lithium Holdings Pty Ltd ("TLH") (ii)(iv)(vii)	November 9, 2017 Australia	AUD478,598,803	—	100%	Investment holding and trade	(ii)(d)	(ii)(d)	(x)
Tianqi Lithium Kwinana Pty Ltd ("TLK") (vii)	April 27, 2016 Australia	AUD221,270,532	—	2019 and 2020: 100% 2021: 51%	Manufacture of lithium compounds and derivatives	N/A	N/A	N/A
Tianqi Lithium Australia Pty Ltd ("TLA") (vii)	November 9, 2017 Australia	AUD216,770,485	—	2019 and 2020: 100% 2021: 51%	Investment holding and trade	N/A	N/A	(ii)(d)
Windfield Holdings Pty Ltd ("Windfield")(ii)(iv)(vii)(xi)	September 21, 2012 Australia	AUD433,167,477	—	2019 and 2020: 51% 2021: 26%	Investment holding	(ii)(d)	(ii)(d)	(ii)(d)
Windfield Finco Pty Ltd (vii)(xi)	February 18, 2013 Australia	AUD1	—	2019 and 2020: 51% 2021: 26%	Investment holding	N/A	N/A	N/A
Talison Minerals Pty Ltd (vii)(xi)	May 24, 2007 Australia	AUD36,942,233	—	2019 and 2020: 51% 2021: 26%	Mining and sale of lithium concentrates	N/A	N/A	N/A
Talison Service Pty Ltd (vii)(xi)	May 25, 2007 Australia	AUD1	—	2019 and 2020: 51% 2021: 26%	Mining and sale of lithium concentrates	N/A	N/A	N/A
Talison Lithium Australia Pty Ltd (vii)(xi)	September 11, 2009 Australia	AUD1	—	2019 and 2020: 51% 2021: 26%	Mining and sale of lithium concentrates	N/A	N/A	N/A
Talison Lithium (MCP) Pty Ltd (vii)(xi)	June 28, 2011 Australia	AUD1	—	2019 and 2020: 51% 2021: 26%	Mining and sale of lithium concentrates	N/A	N/A	N/A
Talison Lithium Pty Ltd (vii)(xi)	October 22, 2009 Australia	AUD800,224,448	—	2019 and 2020: 51% 2021: 26%	Mining, production and sale of lithium concentrates	N/A	N/A	N/A

Company Name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interests: Held by the Company	Proportion of ownership interests: Held by a subsidiary	Principal activities	Name of statutory auditor: 2019	Name of statutory auditor: 2020	Name of statutory auditor: 2021
Talison Lithium (Canada) Inc. (viii)(xi)	June 28, 2012 Canada	CAD52,566,705	—	2019 and 2020: 51% 2021: 26%	Investment holding	N/A	N/A	N/A
Tianqi Lithium Australia Investments 2 Pty Ltd ("TLAI 2") (ii)(iv)	May 4, 2018 Australia	AUD578,822,696	—	100%	Investment holding	(ii)(e)	(ii)(e)	(ii)(e)
Tianqi Lithium Australia Investments 1 Pty Ltd ("TLAI 1") (ii)(iv)	May 4, 2018 Australia	AUD520,675,918	—	100%	Investment holding	(ii)(e)	(ii)(e)	(ii)(e)
Inversiones TLC SpA (viii)	July 10, 2018 Republic of Chile ("Chile")	USD1,023,801,000	—	100%	Investment holding	N/A	N/A	N/A
Inversiones SLI Chile Limitada (viii)(xi)	October 24, 2009 Chile	CLP694,395,903	—	2019 and 2020: 51% 2021: 26%	Exploration of mineral properties	N/A	N/A	N/A

Notes:

(i) The English translation of the company names is for reference only. The official names of these companies are in Chinese. These companies were all limited liability companies under the law of the PRC.

(ii) Name of the statutory auditors are: (a) Shine Wing CPA LLP 信永中和會計師事務所（特殊普通合夥）; (b) Justin Lo & Co. 盧繼昌會計師事務所; (c) UHY Hacker Young Chartered Accountants; (d) KPMG member firm in Australia and (e) Shine Wing Australia.

(iii) The statutory financial statements of these companies for the years ended December 31, 2019, 2020, and 2021 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC.

(iv) The statutory financial statements of these companies for the years ended December 31, 2019, 2020, and 2021 were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

(v) The statutory financial statements of these companies for the years ended December 31, 2019, 2020, and 2021 were prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

(vi) The statutory financial statements of TLEA (Formerly known as Tianqi UK Limited) for the years ended December 31, 2019, 2020 and 2021 were prepared in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

(vii) According to the Corporations Act (2001), the entities controlled by Windfield and TLH that are incorporated in Australia are not required to have audited financial statements because they are either exempt, or have been granted relief by the Australian Securities and Investment Commission (ASIC), for the years ended December 31, 2019, 2020 and 2021. In 2021, TLA and its subsidiary were no longer controlled by TLH subsequent to the IGO transaction as detailed in section "History and Corporate Structure" to the prospectus.

(viii) No statutory financial statements have been prepared for these companies as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

(ix) No statutory financial statements have been prepared for Tianqi Chuangli for the years ended December 31, 2019 and 2020 as it was incorporated on September 14, 2021.

(x) The statutory financial statements of these entities for the year ended December 31, 2021 have not been issued as at the date of this report.

(xi) The 26% interests represent the effective economic interest the Group holds in such entities. Subsequent to the IGO transaction in July 2021, the Group indirectly holds approximately 26% effective equity interest in these companies through TLEA and these companies are consolidated subsidiaries of the Group as the Group has control over the exercise of over 50% voting power over these entities through its non-wholly owned subsidiaries.

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

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs consistently throughout the Relevant Periods, including but not limited to IFRS 16, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2021. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning January 1, 2021 are set out in Note 38.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As at December 31, 2021, the Group had net current liabilities of RMB6,140,903,000. The net current liabilities were mainly due to the financial liabilities to external financial institutions in connection with SQM acquisition as detailed in section "Financial Information" to the prospectus.

In view of this circumstance, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. After taking into account of the Group's cashflow projection with reference to (i) the Group's cashflow projection with reference to the increased market price of lithium compounds and derivatives and lithium concentrate; (ii) the Group's unused banking facilities as at December 31, 2021, (iii) the Group's ability to renew or refinance the banking facilities upon maturity; and (iv) the Group's ability to adjust the scheduled capital commitments, the directors of the Company are of the view that the Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and there is no material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 Significant accounting policies

(a) Basis of measurement and presentation currency

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in debt and equity securities (see note 2(f)); and
- derivative financial instruments (see note 2(g)).

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand, unless otherwise indicated.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in 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 the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(s) or (t) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gains or losses are recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(n)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment losses relating to the investment (see notes 2(e) and (n)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 2(n)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see notes 2(f) and (g)).

In the Company's statement of financial position, investments in associates and joint venture are accounted for under equity method, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(n)).

On disposal of a cash generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 33(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(y)(iv)).
- fair value through other comprehensive income (FVOCI)—recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income in accordance with the policy set out in note 2(y)(iii).

(g) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(h) Property, plant and equipment

The Group's freehold land located in Australia is measured at historical cost, and is not depreciated subsequently.

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(n)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest;
- mine properties and development (including capitalized stripping costs); and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(m)).

The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use, the cost of borrowed funds used during the period of construction (see note 2(aa)) and, when relevant, the costs of dismantling and removing the items and restoring the site on which they are located, and changes in the measurement of existing liabilities recognized for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

The Group recognizes in the carrying amounts of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other cost is recognized as an expense in profit or loss in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amounts of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, over the estimated useful lives using the straight-line method, reducing balance method or units of production method of the economically recoverable reserves after taking into account the estimated residual values if necessary as indicated below:

— Leasehold land is depreciated over the unexpired term of lease.	
— Plants and buildings	Straight line over 11 – 20 years
— Mine properties and development	Units of production
— Machinery and equipment	
• Machinery and equipment exposed to acid and alkali	Reducing balance over 10 years
• Mine specific machinery and equipment	Higher of units of production method or Straight line over 20 years
• Other machinery and equipment	Straight line over 5 to 10 years
— Motor vehicles	Straight line over 5 years
— Office equipment and others	Straight line over 3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Mine properties and development

The following assets are classified directly as mine properties and development assets from the commencement of development:

- Mineral reserves and resources acquired as part of a business combination and recognized at fair value at the date of acquisition; and
- Mine rehabilitation, restoration and dismantling assets.

All subsequent expenditure to develop the mine to the production phase is capitalized and classified as construction in progress. On completion of development, construction in progress balances are reclassified to machinery and equipment or mine properties and development categories of property, plant and equipment as appropriate.

(j) Capitalized stripping costs

The process of removing overburden and other mine waste materials to access mineral deposits is referred to as stripping. In open-pit mining, stripping costs are accounted for separately for each component of an ore body unless the stripping activity provides improved access to the whole of the ore body. A component is a specific section within an ore body that is made more accessible by the stripping activity. The identification of components is dependent on the mine plan.

There are two types of stripping activity:

- Development stripping is the initial overburden removal during the development phase to obtain access to a mineral deposit that will be commercially produced; and
- Production stripping is the inter-burden removal during the normal course of production activity.

Development stripping costs are capitalized as a stripping activity asset (in construction in progress) and forming part of the cost of constructing the mine, when:

- It is probable that future economic benefits associated with the asset will flow to the Group; and
- The costs can be measured reliably.

Capitalization of development stripping costs ceases and these costs are transferred to mine properties and development (in property, plant and equipment) when the ore body or the component of an ore body is ready for its intended use.

Production stripping can give rise to two benefits being the extraction of ore in the current period and improved access to the ore body or the component of an ore body in future periods. To the extent that the benefit is the extraction of ore, the stripping costs are recognized as cost of inventories. To the extent the benefit is improved access to the ore body or the component of an ore body in future periods, the stripping costs are capitalized as mine properties and development, if the following criteria are met:

- It is probable that the future economic benefits (improved access to the ore body or the component of an ore body) will flow to the Group;

- The ore body or the component of an ore body for which access has been improved can be identified; and
- The costs relating to the stripping activity can be measured reliably.

Production stripping costs are allocated between the inventories produced and the mine properties and development capitalized using a life-of-component waste-to-ore strip ratio. When the current stripping ratio is greater than the life-of-component waste-to-ore strip ratio, a portion of the stripping costs is capitalized to the existing mine properties and development.

(k) Rehabilitation and mine closure costs

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment.

The cost of an asset must include any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalized rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life. The depreciation expense is included in the cost of sales of goods.

A provision is to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at reporting period end. Those costs that relate to rehabilitation and restoration obligations arising from the production process are recognized in production costs. The estimated costs are discounted using a pre-tax discount rate that reflects the time value of money. The discount rate must not reflect risks for which future cash flow estimates have been adjusted.

As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognized within borrowing costs. This borrowing cost is excluded from the cost of sales of goods.

(l) Intangible assets (other than goodwill)

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(aa)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see note 2(n)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Mining rights are stated at cost less accumulated amortization and any impairment losses (see note 2(n)). Mining rights include the cost of acquiring mining licenses. The mining rights are amortized over the estimated useful lives of the mines, in accordance with the proven and probable reserves of the mines using the units of production method. The mining rights held by the Group are located in Yajiang County of the PRC ("Yajiang Cuola Mine"). As of the date of this report, the Group did not commence operation in Yajiang Cuola Mine, therefore, the mining rights of Yajiang Cuola Mine did not amortize during the Relevant Periods.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment losses (see note 2(n)). Amortization of other intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

—	software	5 years
—	patents	10 years

Patents of the Group mainly consists of invention patents, design patents and utility model patents. The useful lives of the patents are estimated with reference to the valid legal protection period of respective patents.

Both the period and method of amortization are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

(m) Leased assets

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

(i) As a lessee

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

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

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

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(h) and 2(n)(ii)).

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

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

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(n) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade and other receivables and restricted deposits).

Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognized in accordance with note 2(y)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- goodwill;
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value 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 assessments of the time value of money and the risks specific to the asset. 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 generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment losses been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

(o) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer which are not capitalized as inventory (see note 2(o)(i)), property, plant and equipment (see note 2(h)) or intangible assets (see note 2(l)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

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

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

Amortization of capitalized contract costs is charged to profit or loss when the revenue to which the asset relates is recognized. The accounting policy for revenue recognition is set out in note 2(y).

(p) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(y)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(q)).

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(y)(iv)).

(q) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(p)).

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see note 2(n)(i)).

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(n)(i).

(s) Trade and other payables

Trade and other payables are initially recognized at fair value. Trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see note 2(aa)).

(u) Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognized directly in equity at cost. No gains or losses are recognized on the purchase, sale, issue or cancelation of the Group's own equity instruments.

(v) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period 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.

(ii) Long-term employee benefits

The liability for long-term incentive scheme is recognized in the provision for employee benefits of Windfield and its subsidiaries ("Windfield Group") and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at each end of the reporting period on government bonds of Australia with terms to maturity that match, as closely as possible, the estimated future cash outflows. A liability is recognized for the amount expected to be paid under a long-term incentive scheme if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of the restricted A shares ("RASs") is recognized as an expense. The total amount to be expensed is determined by making reference to the fair value of RASs granted:

- including any market performance condition (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

Non-market performance and service conditions are included in assumptions about the number of RASs that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

At the end of each reporting period, the Group revises its estimates of the number of RASs that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The dilutive effect of outstanding unvested RASs is reflected as additional share dilution in the computation of earnings per share.

(iv) Termination benefits

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

(w) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(x) Provisions and contingent liabilities

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

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

(y) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

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

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

(i) Sale of lithium compounds and derivatives

Customers obtain control of lithium compounds and derivatives when the goods are delivered to and have been accepted at their premises for domestic sales or designated port of loading for export sales. Revenue is recognized at that point in time and invoices are issued accordingly. The Group usually requires advance payments or payments within 30 days after the goods are accepted. No discounts are provided for lithium compounds and derivatives.

For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical data for specific types of lithium compounds and derivatives. Returned goods are exchanged only for new goods—i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognized.

(ii) Sale of lithium concentrate

Customers obtain control of lithium concentrate when the goods are dispatched from the Group's warehouse for domestic sales or are delivered to and have been accepted at designated port of loading for export sales. Revenue is recognized at that point in time and invoices are issued accordingly. The Group usually requires advance payments. No discounts are provided for lithium concentrate.

For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical data for lithium concentrate. Returned goods are exchanged only for new goods—i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognized.

(iii) Dividends

- Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(iv) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost or

FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(n)(i)).

(v) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the asset by way of being recognized in other revenues.

(z) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(aa) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences 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 in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(bb) Related parties

(a) A person, or a close member of that person's family, is related to the Group 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(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) Both entities 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 Group's parent.

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.

(cc) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgement and estimates

Judgments and estimations used in preparation of the Historical Financial Information 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.

Note 33 contain information about the assumptions and their risk factors relating to financial instruments. Other key sources of significant estimation uncertainty are as follows:

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in notes 13, 15 and 17 to the financial statements.

(ii) Reserves and resources

Reserves are estimates of the amount of mineral product that can be economically extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long-term commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analyzing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore reserves under the Australian Code for Reporting of Mineral Resource and Ore Reserves December 2012, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying amounts may be impacted due to changes in estimated future cash flows.
- Depreciation and amortization charged in the consolidated statement of profit or loss may change where such charges are calculated using the units of production basis.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves alter expectations about the timing or cost of these activities.

Depreciation and amortization of mining assets is prospectively adjusted, based on these changes.

(iii) Capitalized stripping costs

Production stripping costs can be incurred both in relation to the production of inventories in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventories, while the latter are capitalized as mine properties and development, where certain criteria are met (see note 2(j)). Significant judgement is required to distinguish between the production stripping that related to the extraction of inventories and what relates to the creation of mine properties and development.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventories and any stripping activity asset for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the ore body, the most suitable production measure.

(iv) Rehabilitation and mine closure provisions

As set out in note 2(k), these provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate mine properties and development. The discounted value reflects a combination of the Group's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions used to determine the provisions could have a material impact to the carrying amounts of the provision.

In the case of provisions for assets which remain in use, adjustments to the carrying amounts of the provision are offset by a change in the carrying amounts of the related asset. Where the provisions are for assets no longer in use or for obligations arising from the production process, the adjustment is reflected directly in profit or loss.

(v) Useful life of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(vi) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amounts of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in the future periods.

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including mineral concentrates, lithium compounds and derivatives. Further details regarding the Group's principal activities are disclosed in note 4(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15			
—Sales of lithium compounds and derivatives	2,902,239	1,735,308	4,960,184
—Sales of lithium concentrate	1,914,122	1,479,923	2,637,679
	4,816,361	3,215,231	7,597,863

All of the Group's revenue are recognized at a point in time. Disaggregation of revenue from contracts with customers by major products and by geographic markets is disclosed in notes 4(b)(i) and 4(b)(iii) respectively.

The Group's customer base is diversified and transactions with two of its customers has exceeded 10% of the Group's revenues for each of the years ended December 31, 2019, 2020 and 2021. Revenues from sales to these customers amounted to approximately RMB1,818,803,000, RMB1,407,279,000 and RMB2,574,811,000 for the years ended December 31, 2019, 2020 and 2021 respectively. Details of concentrations of credit risk arising from customers are set out in note 33(a).

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Lithium compounds and derivatives segment: this segment primarily derive its revenue from the manufacturing and sale of lithium compounds and derivatives, which mainly includes metal and compounds. These compounds and derivatives are manufactured in the manufacturing plants of the Group located in mainland China.

- Lithium concentrate segment: this segment primarily undertakes mining, production and sales of lithium concentrate. Currently the Group's exploration activities are carried out in Australia and the sales activities are mainly carried out both in Australia and the PRC.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in subsidiaries, associates and joint ventures. Segment liabilities include trade and other payables attributable to the exploration, manufacturing and sales activities of the individual segments with the exception of bank loans and other borrowings managed directly by the Group's most senior executive management.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. However, other than reporting inter-segment sales of lithium concentrate, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit/(loss) is adjusted profit/(loss) before taxation. To arrive at adjusted profit/(loss) before taxation, the Group's profit/(losses) before taxation are further adjusted for items not specifically attributed to individual segments, such as interest income, finance costs, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted profit/(loss) before taxation, management is provided with segment information concerning revenue (including inter segment sales), interest income from cash balances and finance costs from bank loans and other borrowings, depreciation, amortization and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2019, 2020 and 2021 is set out below.

	Year ended December 31, 2019		
	Lithium compounds and derivatives	Lithium concentrate	Total
	RMB'000	RMB'000	RMB'000
Revenue from external customers	2,902,239	1,914,122	4,816,361
Inter-segment revenue	—	1,816,866	1,816,866
Reportable segment revenue	2,902,239	3,730,988	6,633,227
Reportable segment profit (adjusted profit before taxation)	190,062	2,314,220	2,504,282
Interest income from bank deposits	3,882	4,058	7,940
Finance costs	(177,169)	(113,864)	(291,033)
Depreciation and amortization for the year	(201,329)	(131,807)	(333,136)
Impairment on non-current assets	—	(72,928)	(72,928)
Reportable segment assets	8,117,532	8,878,038	16,995,570
Capital expenditure*	2,651,297	2,074,807	4,726,104
Reportable segment liabilities	1,161,452	2,611,295	3,772,747

	Year ended December 31, 2020		
	Lithium compounds and derivatives	Lithium concentrate	Total
	RMB'000	RMB'000	RMB'000
Revenue from external customers	1,735,308	1,479,923	3,215,231
Inter-segment revenue	—	776,118	776,118
Reportable segment revenue	1,735,308	2,256,041	3,991,349
Reportable segment (loss)/profit (adjusted (loss)/profit before taxation)	(431,446)	1,554,358	1,122,912
Interest income from bank deposits	2,365	4,448	6,813
Finance costs	(194,417)	(130,319)	(324,736)
Depreciation and amortization for the year	(206,694)	(162,211)	(368,905)
Impairment on non-current assets	—	(17,109)	(17,109)
Reportable segment assets	7,624,214	9,562,971	17,187,185
Capital expenditure*	142,692	819,686	962,378
Reportable segment liabilities	1,237,929	2,674,348	3,912,277

	Year ended December 31, 2021		
	Lithium compounds and derivatives	Lithium concentrate	Total
	RMB'000	RMB'000	RMB'000
Revenue from external customers	4,960,184	2,637,679	7,597,863
Inter-segment revenue	—	1,608,613	1,608,613
Reportable segment revenue	4,960,184	4,246,292	9,206,476
Reportable segment profit (adjusted profit before taxation)	2,430,894	2,011,462	4,442,356
Interest income from bank deposits	1,339	1,952	3,291
Finance costs	(152,255)	(128,150)	(280,405)
Depreciation and amortization for the year	(187,715)	(261,428)	(449,143)
Reversal of impairment on non-current assets	—	61,471	61,471
Reportable segment assets	10,152,949	9,483,198	19,636,147
Capital expenditure*	91,563	708,699	800,262
Reportable segment liabilities	1,022,313	2,975,656	3,997,969

* Capital expenditure consists of purchase of property, plant and equipment (including right-of-use assets) and intangible assets.

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Revenue			
Reportable segment revenue	6,633,227	3,991,349	9,206,476
Elimination of inter-segment revenue	(1,816,866)	(776,118)	(1,608,613)
Consolidated revenue (note 4(a))	4,816,361	3,215,231	7,597,863
Profit			
Reportable segment profit	2,504,282	1,122,912	4,442,356
Elimination of inter-segment profits	(264,113)	247,680	(342,919)
Reportable segment profit derived from external customers	2,240,169	1,370,592	4,099,437
Interest income	8,959	7,070	3,386
Finance costs	(2,045,506)	(1,835,563)	(1,474,799)
Share of profits less losses of associates	333,087	161,134	752,770
(Provision for)/reversal of impairment losses on non-current assets	(5,309,547)	(54,904)	1,662,784
Unallocated head office and corporate income/(expenses)	294,537	(701,687)	535,898
Consolidated (loss)/profit before taxation	(4,478,301)	(1,053,358)	5,579,476
Assets			
Reportable segment assets	16,995,570	17,187,185	19,636,147
Elimination of inter-segment receivables	(480,565)	(368,933)	(427,359)
	16,515,005	16,818,252	19,208,788
Interests in associates	25,087,946	23,400,592	24,120,755
Investment in a joint venture	64,961	64,536	112,810
Unallocated head office and corporate assets	4,997,976	2,004,515	2,357,955
Consolidated total assets	46,665,888	42,287,895	45,800,308
Liabilities			
Reportable segment liabilities	3,772,747	3,912,277	3,997,969
Elimination of inter-segment payables	(480,565)	(368,933)	(427,359)
	3,292,182	3,543,344	3,570,610
Current bank loans and other borrowings	19,537,138	23,823,240	9,762,521
Non-current bank loans and other borrowings	14,326,021	6,329,364	11,800,154
Unallocated head office and corporate liabilities	604,228	1,164,121	874,071
Consolidated total liabilities	37,759,569	34,860,069	26,007,356

(iii) Geographic information

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

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Mainland China	3,527,341	2,473,123	6,578,886
Overseas	1,289,020	742,108	1,018,977
	4,816,361	3,215,231	7,597,863

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible assets, goodwill and interests in associates and a joint venture ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets, goodwill, interests in associates and interests in a joint venture.

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Mainland China	2,643,487	2,398,273	2,190,137
Overseas			
—Australia	12,072,140	13,024,923	12,392,949
—Chile	24,664,020	23,029,252	23,765,173
—Other countries and jurisdictions	74,660	63,664	154,623
	39,454,307	38,516,112	38,502,882

5 Other net income/(loss)

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Interest income from bank deposits	8,959	7,070	3,386
Dividend income from equity investments at FVOCI (non-recycling)	—	4,495	—
Government grants	111,214	52,143	21,553
Net realized and unrealized gains/(losses) on derivative financial instruments	238,818	(661,915)	50,977
Net gains from modification of syndicated bank loans (note 26)	—	—	671,207
Net losses on disposal of property, plant and equipment	(28,043)	(54,532)	(19,901)
Net losses on disposal of intangible assets	—	(19,633)	—
Net realized and unrealized gains on financial assets measured at FVPL	4,479	35	—
Net losses on dilution of interest in associates (note 17)	—	—	(51,302)
Gains on deemed disposal of an associate (note 17(vi))	—	—	64,741
Net foreign exchange gains/(losses)	20,225	497,077	(242,357)
Others	(5,175)	(19,866)	(19,711)
	350,477	(195,126)	478,593

6 Provision for/(reversal of) impairment losses

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Provision for/(reversal of) impairment losses on			
—property, plant and equipment (note 13)	—	17,109	—
—interest in associates (note 17)	5,236,619	37,795	(1,601,313)
—interest in a joint venture (note 18)	72,928	—	(61,471)
—trade and other receivables	560	(3,597)	10,382
	5,310,107	51,307	(1,652,402)

7 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Interest on bank loans and other borrowings	2,032,496	1,871,107	1,495,375
Interest on lease liabilities	1,658	7,460	9,786
Interest on discounted bills receivable	58,745	9,998	17,210
Unwind of discount on rehabilitation and closure provision (note 30)	4,830	4,745	5,637
Less: interest expense capitalized into construction in progress	(52,223)	(57,747)	(53,209)
	2,045,506	1,835,563	1,474,799

The borrowing costs have been capitalized at a rate of 3.4%, 2.7% and 2.4% for the years ended December 31, 2019, 2020 and 2021, respectively.

(b) Staff costs

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Salaries, wages, bonuses and other benefits	474,738	489,486	544,952
Equity-settled share-based payment expenses	4,292	—	—
Contributions to defined contribution retirement plans	27,726	16,162	35,196
	506,756	505,648	580,148

Staff costs includes remuneration of directors, supervisors and senior management (note 9 and note 10).

Pursuant to the relevant labor rules and regulations in mainland China, the Company and its subsidiaries in mainland China participate in defined contribution retirement benefit schemes (the "Schemes") organized by the local government authorities whereby the Company and its subsidiaries in mainland China are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

Pursuant to the relevant labor rules and regulations in Australia, the Company's subsidiaries in Australia participate in retirement benefit plans whereby the Company's subsidiaries in Australia are required to make contributions to the retirement benefit based on certain percentages of the eligible employee's salaries.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") pursuant to the MPF Schemes Ordinance for its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of its employees' basic salaries and are charged to consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at December 31, 2019, 2020 and 2021.

(c) Other items

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Amortization cost of intangible assets# (note 14)	27,061	24,916	13,106
Depreciation charge (note 13)			
—owned property, plant and equipment	294,582	313,920	389,822
—right-of-use assets	19,382	38,444	55,302
Auditors' remuneration			
—audit services	4,747	6,704	4,668
Research and development expenses*	48,363	24,269	18,826
Cost of inventories# (note 21(a))	2,119,084	1,888,239	2,909,979

* During the years ended December 31, 2019, 2020 and 2021, research and development expenses include RMB30,522,000, RMB19,994,000, and RMB14,442,000, respectively relating to staff costs and depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above or in the note 7(b) for each of these types of expenses.

During the years ended December 31, 2019, 2020 and 2021, cost of inventories includes RMB572,850,000, RMB598,998,000, and RMB671,612,000 respectively relating to staff costs and depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Current tax—Mainland China Corporate Income Tax			
Provision for the year	2,245	4	590,388
Current tax—Hong Kong and overseas			
Provision for the year	1,079,966	82,290	193,503
Deferred tax			
Origination and reversal of temporary differences	(80,121)	(11,122)	589,744
	1,002,090	71,172	1,373,635

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation	(4,478,301)	(1,053,358)	5,579,476
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned (i)	(1,179,946)	(184,200)	1,471,757
Effect of preferential tax rate (ii)	23,126	15,145	(69,758)
Tax effect of utilisation of tax losses not recognised in prior years	(13,106)	(1,302)	(1,585)
Tax effect of unused tax losses not recognised	321,065	211,379	444,408
Tax effect of non-deductible expenses	1,523,973	40,476	15,410
Tax effect of non-taxable income	(114,988)	(112,199)	(716,414)
Settlement of transfer pricing arrangement with Australian Taxation Office*	251,839	—	—
Under/(over) provision in prior periods	(5,467)	(4,394)	13,029
Withholding tax on the profits of the Group's overseas subsidiaries and investments	193,190	105,810	218,509
Others	2,404	457	(1,721)
Actual tax expense	1,002,090	71,172	1,373,635

* On December 13, 2019, Windfield entered into an Advanced Pricing Arrangement ("APA") with the Australian Taxation Office ("ATO"), which applies to the pricing of all related party sales from January 1, 2017 to December 31, 2019. The ATO also reviewed the pricing of related party sales by Windfield in 2015 and 2016. No provision was made for the uncertain tax position as at December 31, 2018 as the Group considered it was not probable that an outflow of resources embodying economic benefits would occur. The negotiated settlement was not concluded until December 2019. As a result, an income tax expense totalling RMB251,839,000 has been recognized for the year ended December 31, 2019.

(i) Under the PRC Corporate Income Tax Law, the PRC's statutory income tax rate is 25%. The Group's subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

Income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Relevant Periods is 16.5%.

Pursuant to the rules and regulations of the British Virgin Islands, the Group's subsidiary in British Virgin Islands is not subject to any assessable income tax in the British Virgin Islands.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries and the applicable statutory income tax rates were listed in table below:

	Year ended December 31,		
	2019	2020	2021
The United Kingdom#	19%	19%	19%
Australia*	30%	30%	30%
Canada#	15%	15%	15%
Chile#	27%	27%	27%

* Windfield and its wholly-owned Australian resident entities are taxed as a tax-consolidated group. TLH, TLAI2 and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. The head entities within the tax-consolidated groups are Windfield and TLH respectively.

\# No provision was made for the United Kingdom, Canada and Chile Profits Tax as the Group's overseas subsidiaries in the United Kingdom, Canada and Chile did not earn any assessable income subject to local tax law during the Relevant Periods.

(ii) Pursuant to "Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalog of Encouraged Industries in Western Region" issued by relevant tax authorities in PRC, companies in the western region that engage in the industries encouraged by the state can enjoy the preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2030. The Company and certain subsidiaries of the Group in mainland China fall within the eligible industry category and are entitled to enjoy the preferential income tax rate.

9 Directors' and supervisors' remuneration

Directors' and supervisors' remuneration are disclosed as follows:

Year ended December 31, 2019	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Mr. Jiang Weiping	1,800	4	—	—	1,804	—	1,804
Ms. Wu Wei	72	884	840	35	1,831	524	2,355
Mr. Zou Jun	72	674	631	35	1,412	471	1,883
Ms. Jiang Anqi	300	—	—	—	300	—	300
Independent non-executive directors							
Mr. Du Kunlun	300	—	—	—	300	—	300
Mr. Pan Ying	300	—	—	—	300	—	300
Mr. Wei Xianghui	300	—	—	—	300	—	300
Supervisors							
Ms. Yan Jin	240	—	—	—	240	—	240
Ms. Yang Qing	120	—	—	—	120	—	120
Mr. She Shifu	48	317	26	—	391	—	391
	3,552	1,879	1,497	70	6,998	995	7,993

Year ended December 31, 2020	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Mr. Jiang Weiping	1,800	6	—	—	1,806	—	1,806
Ms. Wu Wei (resigned on August 12, 2020)	49	597	—	5	651	—	651
Mr. Zou Jun	72	688	678	5	1,443	—	1,443
Ms. Jiang Anqi	300	—	—	—	300	—	300
Independent non-executive directors							
Mr. Du Kunlun (resigned on November 4, 2020)	253	—	—	—	253	—	253
Mr. Pan Ying	300	—	—	—	300	—	300
Mr. Wei Xianghui (resigned on January 17, 2020)	15	—	—	—	15	—	15
Ms. Tang Guoqiong (appointed on November 4, 2020)	47	—	—	—	47	—	47
Mr. Xiang Chuan (appointed on February 28, 2020)	250	—	—	—	250	—	250
Supervisors							
Ms. Yan Jin	240	—	—	—	240	—	240
Ms. Yang Qing	120	—	—	—	120	—	120
Mr. She Shifu	48	318	26	—	392	—	392
	3,494	1,609	704	10	5,817	—	5,817

Year ended December 31, 2021	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Mr. Jiang Weiping	1,800	6	—	—	1,806	—	1,806
Mr. Ha, Frank Chun Shing(appointed on February 1, 2021)	72	1,875	—	37	1,984	—	1,984
Mr. Zou Jun	72	1,737	—	37	1,846	—	1,846
Ms. Jiang Anqi	300	—	—	—	300	—	300
Independent non-executive directors							
Mr. Pan Ying	300	—	—	—	300	—	300
Ms. Tang Guoqiong	300	—	—	—	300	—	300
Mr. Xiang Chuan	300	—	—	—	300	—	300
Supervisors							
Ms. Yan Jin	240	—	—	—	240	—	240
Ms. Yang Qing (resigned on September 13, 2021)	90	—	—	—	90	—	90
Mr. She Shifu (resigned on September 13, 2021)	34	260	—	—	294	—	294
Mr. Hu Yi (appointed on September 13, 2021)	14	131	—	10	155	—	155
Ms. Chen Zemin (appointed on September 29, 2021)	30	—	—	—	30	—	30
	3,552	4,009	—	84	7,645	—	7,645

During the years ended December 31, 2019, 2020 and 2021, no emoluments was paid by the Group to the directors, supervisors or any of the five highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor has waived or agreed to waive any emoluments during the years ended December 31, 2019, 2020 and 2021.

10 Individuals with highest remuneration

For the years ended December 31, 2019, 2020 and 2021, of the five individuals with the highest remuneration, 3, 1, and nil are directors or supervisors whose remuneration are disclosed in note 9.

The aggregate remuneration in respect of the remaining individuals are as follows:

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	4,208	7,633	9,041
Discretionary bonuses	299	1,458	2,473
Retirement scheme contributions	193	516	375
	4,700	9,607	11,889

The remuneration of the above individuals with the highest remuneration are within the following bands:

	Year ended December 31,		
	2019	2020	2021
	Number of individuals	Number of individuals	Number of individuals
HKD 1,000,001 – 1,500,000	—	—	—
HKD 1,500,001 – 2,000,000	—	—	—
HKD 2,000,001 – 2,500,000	1	2	1
HKD 2,500,001 – 3,000,000	1	—	2
HKD 3,000,001 – 3,500,000	—	2	2

11 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company for the years ended December 31, 2019, 2020 and 2021 and the weighted average number of ordinary shares, calculated as follows:

(i) (Loss)/profit attributable to equity shareholders of the Company used in basic (loss)/earnings per share calculation

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
(Loss)/profit attributable to ordinary equity shareholders	(5,981,435)	(1,830,920)	3,649,185

(ii) Weighted average number of ordinary shares

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Issued ordinary shares at January 1	1,142,053	1,477,099	1,477,099
Effect of issuing of ordinary A shares	216,167	—	—
Effect of shares repurchased (note 31(c)(ii))	(58)	—	—
Effect of Restricted A Share Incentive Scheme (note 32)	(2,800)	—	—
Weighted average number of ordinary shares at December 31	1,355,362	1,477,099	1,477,099

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2019, the Company had the restricted A shares held for incentive scheme which were potential ordinary shares. As the Group incurred losses for the year ended December 31, 2019, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. For the years ended December 31, 2020 and 2021, there were no dilutive potential ordinary shares.

Accordingly, the diluted (loss)/earnings per share for the years ended December 31, 2019, 2020 and 2021 are the same as basic (loss)/earnings per share of the respective periods.

12 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	Year ended December 31, 2019		
	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of subsidiaries outside of mainland China	90,510	—	90,510
Share of other comprehensive income of associates and joint ventures	2,390	—	2,390
Other comprehensive income	92,900	—	92,900

	Year ended December 31, 2020		
	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of subsidiaries outside of mainland China	205,961	—	205,961
Share of other comprehensive income of associates and joint ventures	(77,027)	—	(77,027)
Other comprehensive income	128,934	—	128,934

	Year ended December 31, 2021		
	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China	(773,847)	—	(773,847)
Share of other comprehensive income of associates and joint ventures	(58,296)	—	(58,296)
Equity investments at FVOCI: net movement in fair value reserve (non-recycling)	534,570	(133,642)	400,928
Other comprehensive income	(297,573)	(133,642)	(431,215)

13 Property, plant and equipment

(a) Reconciliation of carrying amount

	Freehold land	Interest in leasehold land held for own use	Other properties, machinery and equipment leased for own use	Plants and buildings	Mine properties and development	Machinery and equipment	Motor vehicles	Office equipment and others	Constructions in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:										
At January 1, 2019	17,283	207,142	1,769	528,004	2,952,043	2,043,178	9,123	74,916	4,695,829	10,529,287
Additions	—	179,696	42,643	—	17,595	12,831	254	7,953	4,313,615	4,574,587
Transfer from construction in progress	—	—	—	1,272,278	—	1,397,465	—	1,725	(2,671,468)	—
Increase in rehabilitation and mine closure costs (note 30)	—	—	—	—	79,489	—	—	—	45,050	124,539

	Freehold land	Interest in leasehold land held for own use	Other properties, machinery and equipment leased for own use	Plants and buildings	Mine properties and development	Machinery and equipment	Motor vehicles	Office equipment and others	Constructions in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred stripping cost	—	—	—	—	24,708	—	—	—	—	24,708
Disposals	—	—	—	—	—	(11,613)	(415)	(1,244)	(29,471)	(42,743)
Foreign exchange differences	215	1,097	282	8,059	37,022	17,065	—	41	64,226	128,007
At December 31, 2019 and January 1, 2020	17,498	387,935	44,694	1,808,341	3,110,857	3,458,926	8,962	83,391	6,417,781	15,338,385
Additions	49,731	2,239	113,169	—	25,608	5,106	53	1,480	577,617	775,003
Transfer from construction in progress	—	—	—	161,586	—	97,076	39	243	(258,944)	—
Increase in rehabilitation and mine closure costs (note 30)	—	—	—	—	33,795	—	—	—	26,650	60,445
Deferred stripping cost	—	—	—	—	113,455	—	—	—	—	113,455
Disposals	—	—	—	(2,985)	—	(107,467)	(736)	(1,406)	(36,748)	(149,342)
Foreign exchange differences	1,134	4,916	2,717	37,051	86,377	55,576	—	128	176,434	364,333
At December 31, 2020 and January 1, 2021	68,363	395,090	160,580	2,003,993	3,370,092	3,509,217	8,318	83,836	6,902,790	16,502,279
Additions	—	8,300	17,817	5,022	89,705	1,903	1,316	1,795	664,559	790,417
Transfer from construction in progress	—	—	—	20,065	—	391,693	38	2,191	(413,987)	—
Decrease in rehabilitation and mine closure costs (note 30)	—	—	—	—	(18,837)	—	—	—	(24,769)	(43,606)
Deferred stripping cost	—	—	—	—	95,192	—	—	—	—	95,192
Disposals	—	—	(879)	(5,281)	—	(21,676)	(410)	(1,950)	(16,797)	(46,993)
Foreign exchange differences	(5,376)	(15,113)	(13,315)	(116,912)	(271,695)	(178,593)	—	(390)	(615,570)	(1,216,964)
At December 31, 2021	62,987	388,277	164,203	1,906,887	3,264,457	3,702,544	9,262	85,482	6,496,226	16,080,325
Accumulated depreciation:										
At January 1, 2019	—	(13,272)	—	(156,930)	(276,133)	(812,777)	(5,153)	(34,378)	—	(1,298,643)
Charge for the year	—	(14,000)	(5,382)	(44,160)	(64,338)	(174,708)	(1,101)	(10,275)	—	(313,964)
Disposals	—	—	—	—	—	7,500	403	557	—	8,460
Foreign exchange differences	—	(50)	(62)	(336)	(4,184)	(3,156)	—	(13)	—	(7,801)
At December 31, 2019 and January 1, 2020	—	(27,322)	(5,444)	(201,426)	(344,655)	(983,141)	(5,851)	(44,109)	—	(1,611,948)

	Freehold land	Interest in leasehold land held for own use	Other properties, machinery and equipment leased for own use	Plants and buildings	Mine properties and development	Machinery and equipment	Motor vehicles	Office equipment and others	Constructions in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Charge for the year	—	(12,675)	(25,769)	(54,694)	(56,382)	(191,139)	(964)	(10,741)	—	(352,364)
Disposals	—	—	—	1,208	—	5,902	726	713	—	8,549
Foreign exchange differences	—	(320)	(491)	(1,103)	(10,066)	(7,683)	—	(57)	—	(19,720)
At December 31, 2020 and January 1, 2021	—	(40,317)	(31,704)	(256,015)	(411,103)	(1,176,061)	(6,089)	(54,194)	—	(1,975,483)
Charge for the year	—	(10,435)	(44,867)	(74,392)	(91,032)	(215,756)	(788)	(7,854)	—	(445,124)
Disposals	—	—	624	79	—	18,532	410	1,845	—	21,490
Foreign exchange differences	—	1,515	4,302	6,321	36,038	27,984	—	240	—	76,400
At December 31, 2021	—	(49,237)	(71,645)	(324,007)	(466,097)	(1,345,301)	(6,467)	(59,963)	—	(2,322,717)
Accumulated impairment losses:										
At January 1, 2019	—	—	—	—	—	(793)	—	—	(5,448)	(6,241)
Disposals	—	—	—	—	—	147	—	—	—	147
At December 31, 2019	—	—	—	—	—	(646)	—	—	(5,448)	(6,094)
At January 1, 2020	—	—	—	—	—	(646)	—	—	(5,448)	(6,094)
Impairment loss	—	—	—	—	—	—	—	—	(17,109)	(17,109)
At December 31, 2020 and 2021	—	—	—	—	—	(646)	—	—	(22,557)	(23,203)
Net book value:										
At December 31, 2019	17,498	360,613	39,250	1,606,915	2,766,202	2,475,139	3,111	39,282	6,412,333	13,720,343
At December 31, 2020	68,363	354,773	128,876	1,747,978	2,958,989	2,332,510	2,229	29,642	6,880,233	14,503,593
At December 31, 2021	62,987	339,040	92,558	1,582,880	2,798,360	2,356,597	2,795	25,519	6,473,669	13,734,405

The freehold land represents the freehold land located in Australia and owned by Windfield Group, which is shown at historical cost and is not depreciated.

As at December 31, 2019, 2020 and 2021, certain property, plant and equipment were pledged as collateral for bank loans and other borrowings (note 26).

As at December 31, 2019, 2020 and 2021, the Group was applying for certificates of ownership for certain properties located in mainland China with carrying amounts of RMB21,350,000, RMB24,300,000, and RMB23,678,000, respectively. The directors of the Group are of the opinion that the use of and the conduct of operating activities at these properties are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

Impairment losses

During 2020, certain constructions in progress were physically damaged. The Group assessed the recoverable amounts of those constructions in progress and provided for impairment losses of RMB17,109,000 accordingly.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	As at December 31,		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
Interests in leasehold land held for own use, carried at depreciated cost, with remaining lease term between 10 and 50 years	(i)	360,613	354,773	339,040
Other properties, machinery and equipment leased for own use	(ii)	39,250	128,876	92,558
		399,863	483,649	431,598

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:			
Interests in leasehold land held for own use	14,000	12,675	10,435
Other properties, machinery and equipment leased for own use	5,382	25,769	44,867
	19,382	38,444	55,302
Interest on lease liabilities (note 7(a))	1,658	7,460	9,786
Expense relating to short-term leases	5,979	5,492	6,212
Variable lease payments not included in the measurement of lease liabilities	8	119,149	361,096

For the year ended December 31, 2019, 2020 and 2021, additions to right-of-use assets were RMB222,339,000, RMB115,408,000 and RMB26,117,000.

Details of total cash outflow for leases, and the maturity analysis of lease liabilities are set out in notes 24(d), and 27, respectively.

(i) Interests in leasehold land held for own use

Interests in leasehold land held for own use represent payments for land use rights of land located in mainland China and Australia where the Group's plants situate. Lump sum payments were made upfront and there are no ongoing payments to be made under the terms of the land lease in mainland China. Lease payments are usually adjusted to reflect market rentals for the land lease in Australia. The period for these land use rights is no more than 50 years.

(ii) Other properties, machinery and equipment leased for own use

The Group has obtained the right to use other properties, machinery and equipment through lease agreements. The leases typically run for an initial period of 2 to 30 years. Lease payments are usually increased every year to reflect market rentals. Some leases include an option to renew the lease for an additional period after the end of the contract term. Certain leases for equipment in Australia include lease payments that were variable by nature and therefore not included in the minimum lease payments used to calculate lease liabilities.

14 Intangible assets

	Software	Patents	Mining rights	Development Cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:					
At January 1, 2019	46,993	102,737	88,045	921	238,696
Additions	7,490	—	—	4,809	12,299
Transfer	2,215	—	—	(2,215)	—
Disposals	—	—	—	(255)	(255)
Foreign exchange differences	227	—	—	—	227
At December 31, 2019 and January 1, 2020	56,925	102,737	88,045	3,260	250,967
Additions	1,630	208	—	8,664	10,502
Transfer	11,924	—	—	(11,924)	—
Disposals	—	(63,706)	—	—	(63,706)
Foreign exchange differences	719	—	—	—	719
At December 31, 2020	71,198	39,239	88,045	—	198,482
At January 1, 2021	71,198	39,239	88,045	—	198,482
Additions	—	—	—	2,071	2,071
Transfer	2,071	—	—	(2,071)	—
Disposals	(14)	—	—	—	(14)
Foreign exchange differences	(2,558)	—	—	—	(2,558)
At December 31, 2021	70,697	39,239	88,045	—	197,981
Accumulated amortisation:					
At January 1, 2019	(9,388)	(44,519)	—	—	(53,907)
Charge for the year	(11,388)	(15,673)	—	—	(27,061)
Foreign exchange differences	(97)	—	—	—	(97)
At December 31, 2019 and January 1, 2020	(20,873)	(60,192)	—	—	(81,065)
Charge for the year	(11,712)	(13,204)	—	—	(24,916)
Disposals	—	44,073	—	—	44,073
Foreign exchange differences	(338)	—	—	—	(338)
At December 31, 2020	(32,923)	(29,323)	—	—	(62,246)
At January 1, 2021	(32,923)	(29,323)	—	—	(62,246)
Charge for the year	(12,206)	(900)	—	—	(13,106)
Foreign exchange differences	1,128	—	—	—	1,128
At December 31, 2021	(44,001)	(30,223)	—	—	(74,224)
Accumulated impairment losses					
At January 1, 2019, December 31, 2019, 2020 and 2021	—	(4,946)	—	—	(4,946)
Net book Value					
At December 31, 2019	36,052	37,599	88,045	3,260	164,956
At December 31, 2020	38,275	4,970	88,045	—	131,290
At December 31, 2021	26,696	4,070	88,045	—	118,811

As at December 31, 2019, 2020 and 2021, certain intangible assets were pledged as collateral for bank loans and other borrowings (note 26).

The amount of mining rights represents the carrying amount of the mining rights of Yajiang Cuola Mine held by Shenghe Lithium. Shenghe Lithium commenced construction of phase I of the Yajiang Cuola Mine in August 2012. However, due to an alleged environmental incident related to a neighboring mine owned and constructed by a third party, all lithium operations in the Jiajika District, including the construction of Yajiang Cuola Mine, were suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013. In 2019, Shenghe Lithium received the regulatory approval to recommence construction at the Yajiang Cuola Mine. As at December 31, 2019, 2020, and 2021, Shenghe Lithium's cash-generating units ("Shenghe Lithium CGU") consisted of mining rights and certain construction in progress and are identified as follows:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Construction in progress	137,786	84,461	84,032
Mining rights	88,045	88,045	88,045
Shenghe Lithium CGU	225,831	172,506	172,077

No impairment loss was recognized in the consolidated statement of profit or loss during the Relevant Periods in respect of Shenghe Lithium CGU.

The recoverable amount of Shenghe Lithium CGU is determined based on value-in-use calculations. As at December 31, 2019, 2020, and 2021, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount of Shenghe Lithium CGU by RMB665,077 thousand, RMB977,469 thousand, and RMB1,769,033 thousand respectively.

Key assumptions:

	Key assumptions	*Range*
As at December 31,		
2019	- Budgeted gross margin	9.2% - 68.8%
	- Pre-tax discount rate	12.9%
2020	- Budgeted gross margin	16.7% - 72.8%
	- Pre-tax discount rate	12.9%
2021	- Budgeted gross margin	58.7% - 85.8%
	- Pre-tax discount rate	18.7%

Budgeted gross margin — the basis used to determine the value assigned to the gross margins is the expected market price of lithium concentrates and the forecast operating cost associated with Shenghe Lithium CGU.

Pre-tax discount rate — the pre-tax and reflect specific risks relating to Shenghe Lithium CGU.

The Company's directors were of the view any reasonably possible changes in key assumptions would not cause the carrying amount of the Shenghe Lithium CGU to exceed its recoverable amount significantly as at December 31, 2019, 2020 and 2021.

Sensitivity analysis:

The following table sets forth the impact of reasonable possible changes in each of the key assumptions, with all other variables held constant, of impairment testing of Shenghe Lithium CGU at the dates indicated:

Possible changes of key assumptions	Recoverable amount of Shenghe Lithium CGU exceeding its carrying amount by		
	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Budgeted gross margin decreases by 1%	604,259	902,028	1,597,021
Budgeted gross margin decreases by 3%	492,653	764,652	1,310,671
Budgeted gross margin decreases by 5%	392,655	642,700	1,081,588
Discount rate increases by 0.5%	611,213	912,755	1,676,194
Discount rate increases by 1.5%	513,129	794,661	1,505,193
Discount rate increases by 2.5%	426,473	690,014	1,351,792

15 Goodwill

	RMB'000
Cost and carrying amount:	
At January 1, 2019, December 31, 2019, 2020 and 2021	416,101

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified below:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Tianqi Lithium (Jiangsu)	416,101	416,101	416,101

No impairment losses have been recognized for the years ended December 31, 2019, 2020 and 2021 in respect of the goodwill.

Key assumptions:

The followings are key assumptions that management used in the abovementioned value-in-use calculations of Tianqi Lithium (Jiangsu) CGU for December 31, 2019, 2020 and 2021:

	Key assumptions	*Range*
As at December 31,		
2019	- Budgeted gross margin	(1.5%) - 37.5%
	- Pre-tax discount rate	14.1%
2020	- Budgeted gross margin	15.9% - 31.4%
	- Pre-tax discount rate	15.5%
2021	- Budgeted gross margin	33.8% - 36.3%
	- Pre-tax discount rate	19.5%

Budgeted gross margins — the basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved or expected to achieve in the year immediately before the budget year, adjusted for expected market change on annual basis. As at December 31, 2019 the budgeted gross margin was estimated to be negative 1.5% for the forecasted year of 2020 based on the then market information.

Discount rates — the discount rates used are pre-tax and reflect specific risks relating to Tianqi Lithium (Jiangsu) CGU.

The recoverable amount of Tianqi Lithium (Jiangsu) CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period stay the same with fifth year. The growth rates used do not exceed the long-term average growth rates for the business in which Tianqi Lithium (Jiangsu) CGU operates. As at December 31, 2019, 2020 and 2021, based on the value-in-use calculations, the recoverable amount of Tianqi Lithium (Jiangsu) CGU exceeded the carrying amount by RMB859,580,000, RMB206,633,000, and RMB4,141,190,000, respectively.

The Company's directors were of the view any reasonably possible changes in key assumptions would not cause the carrying amount of the Tianqi Lithium (Jiangsu) CGU to exceed its recoverable amount as at December 31, 2019, 2020 and 2021.

Sensitivity analysis:

The following table sets forth the impact of reasonable possible changes in each of the key assumptions, with all other variables held constant, of goodwill impairment testing of Tianqi Lithium (Jiangsu) CGU at the dates indicated:

Possible changes of key assumptions	Recoverable amount of Tianqi Lithium (Jiangsu) CGU exceeding its carrying amount by		
	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Budgeted gross margin decreases by 0.5%	783,863	152,247	4,119,300
Budgeted gross margin decreases by 1%	709,294	98,575	4,097,751
Budgeted gross margin decreases by 1.5%	635,847	45,600	4,076,536
Discount rate increases by 0.5%	763,493	163,472	4,002,387
Discount rate increases by 1.5%	590,699	85,506	3,744,801
Discount rate increases by 2.5%	439,816	17,090	3,510,873

16 Investments in subsidiaries

The carrying amounts of the Company's investments in subsidiaries are listed below.

Name of company	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Chengdu Tianqi	2,552,293	2,552,293	2,552,293
Shenghe Lithium	261,567	—	—
Tianqi HK	16,287	—	—
Shehong Tianqi	794,901	928,300	928,300
TLEA	1,988,739	1,988,739	1,950,319
Tianqi Xinlong	2,300,000	5,205,054	5,205,054
	7,913,787	10,674,386	10,635,966

The following table lists out the information as at and for the years ended December 31, 2019 and 2020 relating to Windfield and its subsidiaries (together, the "Windfield Group"), in which the

Group has material non-controlling interests (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

Windfield Group	As at and for the year ended December 31, 2019	2020
	RMB'000	RMB'000
NCI percentage	49%	49%
Current assets	1,672,559	1,462,182
Non-current assets	7,145,452	7,866,949
Current liabilities	(737,589)	(267,220)
Non-current liabilities	(3,483,563)	(4,356,800)
Net assets	4,596,859	4,705,111
Carrying amount of NCI	2,252,461	2,305,504
Revenue	3,635,504	2,001,520
Profit for the year	1,354,104	979,012
Total comprehensive income	1,345,522	975,477
Profit allocated to NCI	663,511	479,716
Dividend paid to NCI	370,488	481,404
Cash flows from operating activities	1,723,289	1,045,478
Cash flows from investing activities	(1,839,379)	(618,879)
Cash flows from financing activities	213,424	(392,425)

During the years ended December 31, 2019 and 2020, TLEA was a wholly-owned subsidiary of the Group and held 51% direct equity interest in Windfield Group. On December 8, 2020, the Company, TLEA, and IGO Limited and its subsidiary, IGO Lithium Holdings Pty Ltd ("IGO") entered into an investment agreement (the "Investment Agreement"), pursuant to which TLEA agreed to issue and IGO agreed to subscribe for 177,864,310 new shares at a consideration of USD1.4 billion, representing 49% equity interest in TLEA after the share subscription. The transaction was completed on July 2, 2021 and accordingly, the Group's effective interest in TLEA was diluted to 51%.

The following table lists out the information as at and for the year ended December 31, 2021 relating to TLEA and its subsidiaries (together, the "TLEA Group"), in which the Group has material NCIs. The summarized financial information presented below represents the amounts before any inter-company elimination.

TLEA Group	As at and for the year ended December 31, 2021 RMB'000
NCI percentage	49%
Current assets	2,098,336
Non-current assets	12,576,483
Current liabilities	(917,300)
Non-current liabilities	(4,394,722)
Net assets	9,362,797
Carrying amount of NCI	5,432,507
Revenue	3,553,560
Profit for the year	895,375
Total comprehensive income	911,652
Profit allocated to NCI	556,101
Cash flows from operating activities	1,041,782
Cash flows from investing activities	(1,021,817)
Cash flows from financing activities	(53,874)

17 Interest in associates

The following list contains the particulars of the Group's associates, all of which, except for SQM, are unlisted corporate entities whose quoted market price is not available:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Sociedad Química y Minera de Chile S.A. (i) (ii) ("SQM")	Incorporated	Chile	USD1,577,700,000	2019 and 2020: 25.86% 2021: 23.75%	—	2019 and 2020: 25.86% 2021: 23.75%	Exploitation and manufacture of potassium and lithium products
Shanghai Aerospace Power Technology Co., Ltd* (上海航天電源技術有限責任公司) (i) (iii) ("Shanghai Aerospace")	Incorporated	The PRC	RMB364,834,437	2019 and 2020: 18.63% 2021: 9.91%	2019 and 2020: 18.63% 2021: 9.91%	—	Development and manufacture of advanced lithium-based batteries
Tibet Shigatse Zabuye Lithium High-Tech Co., Limited* (西藏日喀則紮布耶鋰業高科技有限公司) (i) (iv) ("Shigatse Zabuye")	Incorporated	The PRC	RMB930,000,000	20%	20%	—	Mining and sale of lithium compounds

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Solid Energy System Corporation (i) (v) ("SES")	Incorporated	The United States	10,205,074 ordinary shares and 22,821,858 preferred shares of USD0.000001 each	2019 and 2020: 10.76% 2021: 9.34%	—	2019 and 2020: 10.76% 2021: 9.34%	Development and manufacture of solid-state batteries
Beijing WeLion New Energy Technology Co., Ltd.* (北京衛藍新能源科技有限公司) (i)(vi) ("Beijing WeLion")	Incorporated	The PRC	RMB58,036,800	2019 and 2020: 5% 2021: 3.45%	—	2019 and 2020: 5% 2021: 3.45%	Development and manufacture of hybrid solid/liquid electrolyte batteries and all-solid lithium batterie

* The English translation of the associates' names is for reference only. The official names of these companies are in Chinese.

(i) The Group's investments in SQM, Shanghai Aerospace, Shigatse Zabuye, SES and Beijing WeLion are recorded as "interests in associates" because the Group has significant influence over these entities by way of representation on the board of directors and participation in the financial and operating policy decisions.

(ii) The investment in SQM enables the Group to gain exposure to world-class brine resources and also create synergies between the Group's upstream and downstream operations and among the various products the Group manufacture. On December 23, 2020, SQM's board of directors approved to increase its capital and offered a mandatory 30-day pre-emptive rights to shareholders. Pursuant to the board resolution dated January 15, 2021, the Group waived its pre-emptive rights to subscribe SQM's new shares to be issued. On April 28, 2021, SQM completed a capital increase of USD1.1 billion. Accordingly, the Group's effective interest in SQM was diluted from 25.86% to 23.83% and the dilution resulted in a loss of RMB137,262,000. In June 2021, the Group disposed 241,500 Series B shares of SQM and the Group's effective interest in SQM decreased from 23.83% to 23.75%.

(iii) The investment in Shanghai Aerospace enables the Group to strengthen the control of the downstream industry. The Group's effective interest in Shanghai Aerospace was diluted from 18.63% to 9.91% as Shanghai Aerospace issued shares to other investors during the year ended December 31, 2021. This dilution resulted in a loss of RMB20,170,000.

(iv) The investment in Shigatse Zabuye enables the Group to participate in the development of lithium brine-based resources at Zhabuye Salt Lake Project in Tibet.

(v) This investment in SES enables the Group to keep updated with the new generation of battery technology and improve the production technology and quality of the Group's lithium metal and to achieve stable sales. The Group's effective interest in SES was diluted from 10.76% to 9.34% as SES issued shares to new investors during the year ended December 31, 2021. This dilution resulted in a gain of RMB106,129,000.

(vi) Chengdu Tianqi invested RMB50,000,000 and appointed a director in Beijing WeLion on April 22, 2018. This investment enables the Group to keep updated with the new generation of battery technology. The Group's effective interest in Beijing WeLion was diluted from 5% to 3.45% and was not entitled to appoint any director as Beijing WeLion issued shares to new investors during the year ended December 31, 2021. This dilution resulted in a gain of RMB64,741,000 for the Group. As Chengdu Tianqi does not have any significant influence after this dilution, the Group designated its investment in Beijing WeLion at FVOCI (non-recycling) (see note 19) as the investment is held for strategic purposes.

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

Summarized financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

SQM	As at and for the year ended December 31, 2019 RMB'000	2020 RMB'000	2021 RMB'000
Gross amounts of the associate's			
Current assets	18,711,326	16,764,152	29,239,566
Non-current assets	84,463,137	80,187,765	79,120,183
Current liabilities	(5,419,196)	(3,105,082)	(6,322,839)
Non-current liabilities	(12,367,875)	(14,224,302)	(18,085,419)
Total equity attributable to the shareholders of the associate	85,051,104	79,364,846	83,731,842
Non-controlling interests	336,288	257,687	219,649
Revenue	13,449,510	12,267,130	18,462,790
Profit after taxation	1,560,835	697,422	3,180,621
Other comprehensive income	(12,144)	130,057	(245,066)
Total comprehensive income	1,548,691	827,479	2,935,555
Dividend received from the associate	550,688	346,768	861,722
Reconciled to the Group's interests in the associate			
Total equity attributable to the shareholders of the associate	85,051,104	79,364,846	83,731,842
Group's effective interest	25.86%	25.86%	23.75%
Group's share of net assets of the associate	21,997,684	20,526,980	19,884,188
Goodwill	7,880,752	7,375,582	6,615,465
Impairment provision	(5,279,377)	(4,937,846)	(2,847,290)
Carrying amount in the consolidated financial statements	24,599,059	22,964,716	23,652,363

In view of a significant and prolonged decline in the fair value of SQM in its equity instrument, the adverse macro-economic changes, the latest lithium product price forecast derived from the published industry report, as well as the delay of SQM's project construction for production capacity expansion announced in early 2020, the Group assessed the recoverable amount of the interest in SQM and impairment loss of RMB5,236,619,000 was provided for the year ended December 31, 2019 (note 6).

As at December 31, 2020, the Group assessed and concluded that there was no indication of further impairment on SQM investment or that the impairment loss recognized in prior periods may no longer exist or may have decreased.

In 2021, with the recovery of the fair value of the Group's investment in SQM in its equity instrument, the macro-economic condition and continuing strong performance of lithium industry, the Group determined that the indicators for impairment recognised in prior periods for SQM had decreased and assessed the recoverable amount of the interest in SQM. Accordingly, the Group reversed impairment loss of RMB1,601,313,000 for the year ended December 31, 2021 (note 6).

The recoverable amounts of the Group's investment in SQM were determined by value-in-use calculations. These calculations use cash flow projections based on SQM's historical financial information, operation plan, latest market information and independent technical review report, etc. Cash flows beyond the forecast periods stay the same with the last year in the projection period.

Key assumptions:

The followings are key assumptions that management used in the above mentioned value-in-use calculations of the Group's investment in SQM for December 31, 2019 and 2021:

	Key assumptions	*Range*
***As at December 31,* 2019**	Projected gross margin	34%-48%
	Pre-tax discount rate	11.5%
***As at December 31,* 2021**	Projected gross margin	47%-49%
	Pre-tax discount rate	13.5%

The value-in-use calculations of the Group's investment in SQM is positively correlated to the projected gross margin and negatively correlated to the discount rates.

	As at December 31,		
Shigatse Zabuye	**2019**	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
Gross amounts of the associate's			
Current assets	503,304	514,728	746,572
Non-current assets	947,754	927,729	909,814
Current liabilities	(19,404)	(26,181)	(179,723)
Non-current liabilities	(2,391)	(2,649)	(2,883)
Equity	1,429,263	1,413,627	1,473,780
Revenue	13,340	11,203	248,729
(Loss)/profit after taxation	(109,813)	(15,636)	60,153
Total comprehensive income	(109,813)	(15,636)	60,153
Reconciled to the Group's interests in the associate			
Gross amounts of net assets of the associate	1,429,263	1,413,627	1,473,780
Group's effective interest	20.00%	20.00%	20.00%
Group's share of net assets of the associate	285,853	282,727	294,756
Goodwill	28,533	28,533	28,533
Impairment provision	—	(37,795)	(37,795)
Carrying amount in the consolidated financial statements	314,386	273,465	285,494

Aggregate information of associates that are not individually material:

	As at December 31,		
	2019	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	174,501	162,411	182,898
Aggregate amounts of the Group's share of those associates Loss after taxation and total comprehensive income	(48,646)	(16,121)	(19,592)

The carrying amounts of investments in associates is listed below:

The Group	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
SQM	24,599,059	22,964,716	23,652,363
Shanghai Aerospace	49,784	50,704	28,275
Shigatse Zabuye	314,386	273,465	285,494
SES	74,660	63,664	154,623
Beijing WeLion	50,057	48,043	—
	25,087,946	23,400,592	24,120,755

The Company	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Shanghai Aerospace	49,784	50,704	28,275
Shigatse Zabuye	314,386	273,465	285,494
Shenghe Lithium	—	82,269	80,771
	364,170	406,438	394,540

18 Interest in a joint venture

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Salares de Atacama Sociedad Contractual Minera. ("Chile SALA")	Incorporated	Chile	CLP 1,281,275,000	50.00%	—	50.00%	Discovery, exploration, development and operational mining concessions and properties

Chile SALA is an unlisted corporate entity whose quoted market price is not available. Chile SALA is a private Chilean company who is the owner of Salares 7 Project, which is a lithium and potassium exploration project which consists of seven brine lakes in the Atacama province in northern Chile. Chile SALA has not commenced any production since the date of incorporation. The investment of Chile SALA was to provide the Group with the potential to complement its existing hard rock lithium operations at Greenbushes, Australia with the recovery of lithium from brine deposits.

During the year ended December 31, 2019, the Group assessed the recoverable amounts of the investment in Chile SALA using fair value less cost to sell, based on market multiples derived from comparable transactions, and provided for impairment loss of RMB72,928,000 for interest in Chile SALA. During the year ended December 31, 2021, in view of the continuing strong performance of lithium industry, the Group determined that the indicators for impairment recognised in prior periods for SALA had decreased and assessed the recoverable amount of the interest in SALA. Accordingly, the Group reversed impairment loss of RMB61,471,000 (note 6).

Management considers that Chile SALA does not have a significant impact on the financial position and performance of the Group. Summarized information of Chile SALA, adjusted for any differences in accounting policies, is as below:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Group's share of net assets of the joint venture	10,582	10,493	9,291
Goodwill	127,741	129,388	113,988
Impairment provision	(73,362)	(75,345)	(10,469)
Carrying amount of Chile SALA	64,961	64,536	112,810

19 Financial assets measured at fair value

The Group

	Note	As at December 31,		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
Equity securities designated at FVOCI (non-recycling)—non-current				
—Equity securities	(i)	50,430	50,430	695,617
Financial assets at FVPL—current				
—Investment in wealth management products issued by banks	(ii)	10,000	—	—

The Company

	Notes	As at December 31,		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
Equity securities designated at FVOCI (non-recycling)—non-current				
—Equity securities	(i)	50,430	50,430	585,000

(i) On May 17, 2019, the Company entered into an investment agreement with Xiamen Xiawu New Energy Materials Co., Limited (廈門廈塢新能源材料股份有限公司, "Xiawu New Energy") to acquire 3% of its shares at the consideration of RMB50,430,000. The Group designed its investment in Xiawu New Energy at FVOCI (non-recycling), as the investment is held for strategic purposes. During the years ended December 31, 2019, 2020 and 2021, dividends income of nil, RMB4,495,000, and nil were received from Xiawu New Energy and were recognized in other income. On August 5, 2021, Xiawu New Energy was listed on the Science and Technology Innovation Board of Shanghai Stock Exchange. As at December 31, 2021, the fair value of the Group's interest in Xiawu New Energy was RMB585,000,000 and the fair value change of the Group's interest in Xiawu New Energy, net of tax effect, of RMB400,928,000 recognized in the Group's other comprehensive income.

As disclosed in note 17, the interest in Beijing WeLion was accounted for as the Group's financial assets in 2021 and the fair value of the Group's interest in Beijing WeLion is RMB110,617,000 as at December 31, 2021.

(ii) The wealth management products were issued by banks with variable investment income and can be redeemed on demand or in a short term.

20 Derivative financial instruments

	Note	As at December 31, 2019	2020	2021
		RMB'000	RMB'000	RMB'000
Derivative financial assets				
—Collar option	(i)	194,980	—	—
—Structured Cross Currency Swap		37,519	—	—
—Foreign exchange forward contracts		346	—	—
		232,845	—	—
Less: amount included under "current assets"		(346)	—	—
		232,499	—	—
Derivative financial liabilities				
—Collar option	(i)	—	(413,663)	(381,461)
—Interest rate swap		(46,733)	(50,092)	—
—Electricity Derivatives		—	(26,665)	(6,940)
		(46,733)	(490,420)	(388,401)
Less: amount included under "current liabilities"		—	65,583	388,401
		(46,733)	(424,837)	—

(i) In February and July 2019, the Group entered into variable prepaid forward contracts ("VPF" contracts) with Morgan Stanley & Co. International plc, pursuant to which the Group borrowed an aggregate principal amount of USD158.9 million. The borrowings were secured by the Group's 5,275,318 Series B shares in SQM. The collar option features to manage the equity price risk of SQM shares were embedded in the VPF contacts and was measured at fair value through profit or loss.

21 Inventories

	As at December 31, 2019	2020	2021
	RMB'000	RMB'000	RMB'000
Inventories			
Raw materials	131,760	199,571	196,248
Work in progress	307,824	323,106	339,347
Finished goods	366,543	183,460	138,224
Low-value consumption goods	113,523	147,322	199,714
	919,650	853,459	873,533
Less: write down of inventories	(2,605)	(2,416)	(1,777)
	917,045	851,043	871,756

(a) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	As at December 31, 2019	2020	2021
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	2,119,084	1,888,239	2,909,979

All of the inventories are expected to be recovered within one year.

22 Contract liabilities

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Contract liabilities			
—Receipts in advance from sales of lithium products	172,285	158,067	164,475

Movements in contract liabilities

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Balance at January 1	61,669	172,285	158,067
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(61,289)	(172,168)	(158,058)
Increase in contract liabilities as a result of receipts in advance	171,905	157,950	164,466
Balance at December 31	172,285	158,067	164,475

The Group requires certain customers to pay in advance of delivery. The receipts in advance are recognized as a contract liability until the products are delivered to the customer.

All of the contract liabilities are expected to be recognized as revenue within one year.

23 Trade and other receivables

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Trade receivables	363,087	239,362	657,468
Less: allowance for doubtful debts	(11,436)	(6,618)	(14,525)
	351,651	232,744	642,943
Bills receivable	—	443,583	448,224
Other receivables	158,396	40,236	193,189
Less: allowance for doubtful debts	(6,445)	(7,666)	(10,141)
	151,951	32,570	183,048
Deposits and prepayments	13,719	10,894	19,877
Value added tax recoverable	38,780	29,903	45,059
Goods and services tax recoverable	23,359	11,587	15,979
Bank acceptance notes, carried at FVOCI (note (c))	444,903	130,525	2,014,403
	520,761	182,909	2,095,318
	1,024,363	891,806	3,369,533

All of the trade receivables, bills receivable and other receivables are expected to be recovered or recognized as expense within one year.

(a) Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	As at December 31,		
	2019	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	351,651	676,327	1,091,167

Trade receivables and bills receivable are due within 15 to 90 days from the date of billing. No interests are charged on the trade receivables and bills receivable. Further details on the Group's credit policy and credit risk arising from trade receivables and bills receivable are set out in note 33(a).

(b) Transfers of financial assets

(i) Transferred financial assets that were derecognized in their entirety

The bills accepted by banks with high credit quality were derecognized when they were endorsed or discounted. In the opinion of the directors, the Group did not retain substantially all the risks and rewards of ownership of these bills, because the credit risk of the acceptance banks was very low and the Group had transferred out all interest risk of the bills upon endorsement or discount. As the transferees had the practical ability to further endorse or discount the bills, control of these bills were transferred upon endorsement or discount and thus they were derecognized. As at December 31, 2019, 2020 and 2021, bills endorsed and derecognised, but yet reached maturity amounted to RMB1,085,558,000, RMB405,641,000 and RMB741,473,000 respectively. This represents the Group's maximum exposure to loss should the acceptance banks fail to settle the bills on maturity date. However, non-settlement by those acceptance banks was considered unlikely.

(ii) Transferred financial assets that are not derecognized in their entirety

The other bank acceptance bills with a total carrying amount of nil, RMB160,135,000 and RMB242,933,000 endorsed or discounted by the Group to its suppliers as at December 31, 2019, 2020 and 2021 respectively to settle trade payables of the same amounts, were not derecognized. In the opinion of the directors, the Group retained substantially all risks and rewards of these bank acceptance bills, and accordingly, it continued to recognize the full carrying amounts of these bills receivable and the associated liabilities.

(c) Bank acceptance notes, carried at FVOCI

For the purpose of the cash management, the Group endorsed certain bank acceptance notes receivable to its suppliers. The business model of bank acceptance notes is achieved by both the collection of contractual cash flows and sale. Therefore, as at December 31, 2019, 2020 and 2021, the Group classified bank acceptance notes of RMB444,903,000, RMB130,525,000 and RMB2,014,403,000 respectively, as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income, in accordance with the accounting policy set out in note 2(f).

24 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

The Group	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Cash and bank balance	4,439,008	994,147	1,987,081
Less:			
Non-current restricted deposits	(11,781)	(12,103)	(11,157)
Current restricted deposits	(496,291)	(193,838)	(209,828)
	3,930,936	788,206	1,766,096

The Company	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Cash and bank balance	2,952,160	7,246	120,587
Less:			
Current restricted deposits	—	(25)	(333)
	2,952,160	7,221	120,254

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	As at December 31,		
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation		(4,478,301)	(1,053,358)	5,579,476
Adjustments for:				
Depreciation	13	313,964	352,364	445,124
Amortization of intangible assets	14	27,061	24,916	13,106
Provision/(reversal) of Impairment losses of non-current liabilities		5,309,547	54,904	(1,662,784)
Net foreign exchange (gains)/losses	5	(20,225)	(497,077)	242,357
Dividend income from equity investments at FVOCI	5	—	(4,495)	—
Share of profits less losses of associates		(333,087)	(161,134)	(752,770)
Equity-settled share-based payment expenses	7(b)	4,292	—	—
Net realized and unrealized (gains)/losses on derivative financial instruments	5	(238,818)	661,915	(50,977)
Net realized and unrealized gain on financial assets measured at FVPL	5	(4,479)	(35)	—
Net losses on disposal of property, plant and equipment	5	28,043	54,532	19,901
Net losses on disposal of intangible assets	5	—	19,633	—
Net losses on dilution of interest in an associate	5	—	—	51,302
Gains on deemed disposal of an associate		—	—	(64,741)
Net gain from modification of syndicated bank loans	5	—	—	(671,207)
Finance costs	7(a)	2,045,506	1,835,563	1,474,799
Changes in working capital:				
(Increase)/decrease in inventories		(356,391)	66,002	(20,713)
Decrease/(Increase) in trade and other receivables		405,070	(41,024)	(2,455,799)
Increase/(decrease) in trade and other payables		416,979	(309,099)	262,320
Increase/(decrease) in contract liabilities		110,472	(14,218)	6,408
(Increase)/decrease in restricted deposits		(289,817)	350,924	160,659
Cash generated from operations		2,939,816	1,340,313	2,576,461

(c) Reconciliation of liabilities arising from financing activities

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

	Bank loans and other borrowings	Interest payables	Lease liabilities	Derivative financial liabilities/ (assets)	Dividend payable	Total
	RMB'000 (Note 26)	RMB'000 (Note 25)	RMB'000 (Note 27)	RMB'000 (Note 20)	RMB'000	RMB'000
At January 1, 2019	30,254,721	67,562	9,556	(4,317)	—	30,327,522
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	6,481,613	—	—	—	—	6,481,613
Repayment of bank loans and other borrowings	(3,670,024)	—	—	—	—	(3,670,024)
Capital element of lease rentals paid	—	—	(10,224)	—	—	(10,224)
Interest element of lease rentals paid	—	—	(1,164)	—	—	(1,164)
Interest paid	—	(1,687,791)	—	—	—	(1,687,791)
Net cash inflow from derivative financial instruments	—	—	—	57,023	—	57,023
Dividend paid to equity holders of the Company	—	—	—	—	(205,569)	(205,569)
Dividends paid to NCI	—	—	—	—	(370,488)	(370,488)
Total changes from financing cash flows	2,811,589	(1,687,791)	(11,388)	57,023	(576,057)	593,376
Exchange adjustments	411,883	23,577	1,351	—	—	436,811

	Bank loans and other borrowings	Interest payables	Lease liabilities	Derivative financial liabilities/ (assets)	Dividend payable	Total
	RMB'000 (Note 26)	RMB'000 (Note 25)	RMB'000 (Note 27)	RMB'000 (Note 20)	RMB'000	RMB'000
Changes in fair value	—	—	—	(238,818)	—	(238,818)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	—	—	212,007	—	—	212,007
Interest expenses	384,966	1,647,530	1,658	—	—	2,034,154
Dividends declared	—	—	—	—	576,057	576,057
Total other changes	384,966	1,647,530	213,665	—	576,057	2,822,218
At December 31, 2019	33,863,159	50,878	213,184	(186,112)	—	33,941,109

	Bank loans and other borrowings	Interest payables	Lease liabilities	Derivative financial liabilities/ (assets)	Dividend payable	Total
	RMB'000 (Note 26)	RMB'000 (Note 25)	RMB'000 (Note 27)	RMB'000 (Note 20)	RMB'000	RMB'000
At January 1, 2020	33,863,159	50,878	213,184	(186,112)	—	33,941,109
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	4,265,295	—	—	—	—	4,265,295
Repayment of bank loans and other borrowings	(6,418,508)	—	—	—	—	(6,418,508)
Capital element of lease rentals paid	—	—	(38,349)	—	—	(38,349)
Interest element of lease rentals paid	—	—	(2,317)	—	—	(2,317)
Interest paid	—	(798,152)	—	—	—	(798,152)
Net cash inflow from derivative financial instruments	—	—	—	14,268	—	14,268
Dividends paid to NCI	—	—	—	—	(481,404)	(481,404)
Total changes from financing cash flows	(2,153,213)	(798,152)	(40,666)	14,268	(481,404)	(3,459,167)
Exchange adjustments	(1,947,649)	(194,215)	6,693	349	—	(2,134,822)

	Bank loans and other borrowings	Interest payables	Lease liabilities	Derivative financial liabilities/ (assets)	Dividend payable	Total
	RMB'000 (Note 26)	RMB'000 (Note 25)	RMB'000 (Note 27)	RMB'000 (Note 20)	RMB'000	RMB'000
Changes in fair value	—	—	—	661,915	—	661,915
Other changes:						
Increase in lease liabilities from entering into new leases during the year	—	—	103,055	—	—	103,055
Interest expenses	390,307	1,480,800	7,460	—	—	1,878,567
Dividends declared	—	—	—	—	481,404	481,404
Total other changes	390,307	1,480,800	110,515	—	481,404	2,463,026
At December 31, 2020	30,152,604	539,311	289,726	490,420	—	31,472,061

	Bank loans and other borrowings	Interest payables	Lease liabilities	Derivative financial liabilities/ (assets)	Dividend payable	Total
	RMB'000 (Note 26)	RMB'000 (Note 25)	RMB'000 (Note 27)	RMB'000 (Note 20)	RMB'000	RMB'000
At January 1, 2021	30,152,604	539,311	289,726	490,420	—	31,472,061
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	3,751,194	—	—	—	—	3,751,194
Repayments of bank loans and other borrowings	(11,936,570)	—	—	—	—	(11,936,570)
Capital element of lease rentals paid	—	—	(36,457)	—	—	(36,457)
Interest element of lease rentals paid	—	—	(9,428)	—	—	(9,428)
Interest paid	—	(1,245,888)	—	—	—	(1,245,888)
Net cash inflow from derivative financial instruments	—	—	—	(49,698)	—	(49,698)
Dividends paid to NCI	—	—	—	—	(436,779)	(436,779)
Total changes from financing cash flows	(8,185,376)	(1,245,888)	(45,885)	(49,698)	(436,779)	(9,963,626)
Exchange adjustments	(371,894)	(148,715)	(22,025)	(1,344)	—	(543,978)
Changes in fair value	—	—	—	(50,977)	—	(50,977)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	—	—	17,780	—	—	17,780
Interest expenses	638,548	856,827	9,786	—	—	1,505,161
Modification of syndicated bank loans	(671,207)	—	—	—	—	(671,207)
Dividends declared	—	—	—	—	436,779	436,779
Total other changes	(32,659)	856,827	27,566	—	436,779	1,288,513
At December 31, 2021	21,562,675	1,535	249,382	388,401	—	22,201,993

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Within operating cash flows	(5,979)	(5,492)	(6,212)
Within financing cash flows	(11,388)	(40,666)	(45,885)
	(17,367)	(46,158)	(52,097)

25 Trade and other payables

The Group	As at December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Trade creditors	399,801	532,715	765,116
Bills payable	572,842	205,605	123,530
Accrued payroll and benefits	79,596	92,319	91,929
Other taxes payable	7,141	20,009	204,647
Interest payable	50,878	539,311	1,535
Other payables	831,716	649,467	349,356
	1,941,974	2,039,426	1,536,113

The Company	As at December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Trade creditors	4,742	9,061	914
Accrued payroll and benefits	18,450	26,000	23,040
Other taxes payable	1,726	251	807
Interest payable	17,325	—	—
Other payables	31,696	22,396	27,852
	73,939	57,708	52,613

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables) of the Group, based on the invoice date, is as follows:

	As at December 31,		
	2019 RMB'000	2020 RMB'000	2021 RMB'000
Within 1 year	970,618	734,002	885,899
1 to 2 years	1,428	3,124	1,609
2 to 3 years	296	796	421
More than 3 years	301	398	717
	972,643	738,320	888,646

26 Bank loans and other borrowings

The analysis of the carrying amounts of bank loans and other borrowings is as follows:

At December 31, 2019, 2020 and 2021, the bank loans and other borrowings were repayable as follows:

The Group	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Current			
Secured bank loans(i)	1,171,501	705,979	236,177
Unsecured bank loans(i)	1,719,047	1,728,697	1,938,574
Corporate bonds(iii)	296,859	—	1,911,679
Other borrowings from a related party(iv)	—	672,772	—
Secured other borrowings from third-parties(ii)	300,443	302,105	—
Current portion of non-current			
Secured bank loans(i)	16,002,288	20,366,687	4,469,151
Unsecured bank loans(i)	47,000	47,000	208,587
Secured other borrowings from third-parties(ii)	—	—	998,353
	19,537,138	23,823,240	9,762,521
Non-current			
Secured bank loans(i)	27,040,455	23,593,267	15,097,503
Unsecured bank loans(i)	288,000	241,000	208,587
Corporate bonds(iii)	2,071,309	1,943,277	—
Other borrowings from a related party (note 36(d))(iv)	—	—	1,171,802
Secured other borrowings from third-parties(ii)	975,545	965,507	998,353
	30,375,309	26,743,051	17,476,245
Less:			
— Current portion of non-current secured bank loans(i)	(16,002,288)	(20,366,687)	(4,469,151)
— Current portion of non-current unsecured bank loans(i)	(47,000)	(47,000)	(208,587)
— Current portion of secured other borrowings from third-parties(ii)	—	—	(998,353)
	(16,049,288)	(20,413,687)	(5,676,091)
	14,326,021	6,329,364	11,800,154

The Company	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Current			
Corporate bonds	296,859	—	—
Other borrowings from a related party (note 36(d))	—	291,613	—
	296,859	291,613	—
Non-current			
Corporate bonds	830	—	—
Other borrowings from a related party (note 36(d))	—	—	311,337
	830	—	311,337

(i) Bank loans

The effective interest rates of the Group's bank loans ranged from 3.1% to 7.6%, 2.9% to 9.3% and 2.1% to 9.3% per annum for the years ended December 31, 2019, 2020 and 2021 respectively.

In October 2018, the Group entered into two syndicated facility agreements with an aggregate amount of USD3,500,000,000 with certain banks ("the Lenders"). The Group drawn down all of the facilities to finance the acquisition of SQM's equity interest, with original maturity dates in November 2020 for the facility A and C amounting to USD2,300,000,000 and November 2021 for the facility B amounting to USD1,200,000,000.

On December 28, 2020, the Group and the Lenders entered into an extend Amendment and Extension Deed, pursuant to which the Lenders agreed to extend the maturity dates, adjust the interest rate and interest payment dates, subject to the fulfilment of certain conditions. As disclosed in the section headed "Financial Information" in the prospectus, all required conditions were fulfilled in 2021, and the Group recognized a net gain of RMB671,207,000 from above mentioned modification of syndicated loans.

At December 31, 2019, 2020 and 2021, the secured bank loans are secured over certain equity interest in subsidiaries of the Group and other assets of the Group as follows:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Mainland China subsidiaries			
Property, plant and equipment	357,329	334,630	253,666
Restricted bank deposits	51,213	25	175,728
Investments in Shigatse Zabuye	314,386	273,465	285,494
Overseas subsidiaries			
All assets of Windfield	8,818,011	9,329,131	9,160,084
All assets of TLAI 2 and TLAI 1	23,323,743	21,707,233	21,034,783
All assets of TLEA	2,800,618	2,929,597	7,918,329
All assets of TLK	5,208,673	5,859,140	5,048,765
Investments in SQM	24,599,059	22,964,716	23,652,363
	65,473,032	63,397,937	67,529,212

As at December 31, 2019, 2020 and 2021, the Group's bank loans of RMB26,832,005,000, RMB20,665,792,000 and RMB12,008,590,000, respectively, were guaranteed by Tianqi Group Company and Mr. Jiang Weiping and Ms. Zhang Jing.

(ii) Secured other borrowings from third parties

The effective interest rates of secured other borrowings from third parties of RMB300,000,000 were 7.6% and 7.6% per annum for the years ended December 31, 2019 and 2020 respectively. The borrowings were secured by the Group's 49% equity interest in Shenghe Lithium and shares of the Company held by Tianqi Group.

The effective interest rates of the remaining secured other borrowings from third parties were ranged from 5% to 6.5%, 5% to 6.5%, and 5% to 6.5% per annum for the years ended December 31, 2019, 2020 and 2021 respectively. The borrowings from third parties were secured by the Group's 5,275,318 B-class shares in SQM (note 20).

(iii) Corporate bonds

On November 28, 2017, Tianqi Finco Co., Ltd issued a five-year USD bond through The Stock Exchange of Hong Kong Limited. The face value of the note is USD300,000,000 and it carries a coupon interest rate of 3.75% per annum. As at December 31, 2019 and 2020 and 2021, the carrying amount was USD296,792,000 (equivalent to RMB2,070,479,000), USD297,825,000 (equivalent to RMB1,943,277,000), and USD299,838,000 (equivalent to RMB1,911,679,000) respectively.

On February 1, 2018, the Company issued five-year corporate bonds through Shenzhen Stock Exchange. The face value of the corporate bonds is RMB300,000,000 and it carries a coupon interest rate of 6.3% per annum. The maturity date of the corporate bonds is February 1, 2023. At the end of second and fourth year, the Group may adjust the coupon rate at its option while the holders of these corporate bonds may redeem the corporate bonds at their options, in whole or in part, at a pre-determined price. As at December 31, 2019, the carrying amount of the corporate bonds was RMB297,689,000. During 2020, the Group redeemed all the corporate bonds of RMB300,000,000.

An adjustment to the coupon rate and an extension of the corporate bonds at the end of the second anniversary is subject to mutual agreement between the Group and the bondholders, since the Group may adjust the coupon rate which in turn would affect the bondholders' redemption decisions. Thus, the corporate bonds in substance have a term of 2 years only. The corporate bonds are accounted for as financial liabilities measured at amortized cost in accordance with the accounting policy set out in note 2(t).

(iv) Other borrowings from a related party

As at December 31, 2020, other borrowings of RMB658,500,000 from Tianqi Group Company were interest-bearing at 0.5%-8.5% per annum, unsecured and repayable within one year. As at December 31, 2021, other borrowings of RMB1,110,335,000 from Tianqi Group Company were interest-bearing at 4.9%-5.2% per annum and unsecured, with RMB451,835,000 repayable after more than two years but less than 5 years and RMB658,500,000 repayable after more than one year but less than two years.

(v) Bank facilities

At December 31, 2019, 2020 and 2021, the unused banking facilities of the Group were RMB3,793,552,000, RMB1,579,436,000, and RMB914,901,000, respectively.

At December 31, 2019, 2020 and 2021, the bank loans and other borrowings were repayable as follows:

The Group	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Bank loans			
Within 1 year	18,939,836	22,848,363	6,852,489
After 1 year but within 2 years	8,303,421	197,000	10,555,545
After 2 years but within 5 years	2,975,746	3,223,580	72,807
	30,219,003	26,268,943	17,480,841
Corporate bonds			
Within 1 year	296,859	—	1,911,679
After 1 year but within 2 years	—	1,943,277	—
After 2 years but within 5 years	2,071,309	—	—
	2,368,168	1,943,277	1,911,679
Other borrowings from a related party			
Within 1 year or on demand	—	672,772	—

The Group

	As at December 31,		
	2019	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
After 1 year but within 2 years	—	—	702,208
After 2 years but within 5 years	—	—	469,594
	—	672,772	1,171,802
Other borrowings from a third-party			
Within 1 year or on demand	300,443	302,105	998,353
After 1 year but within 2 years	—	965,507	—
After 2 years but within 5 years	975,545	—	—
	1,275,988	1,267,612	998,353
	33,863,159	30,152,604	21,562,675

The Company

	As at December 31,		
	2019	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
Corporate bonds			
Within 1 year	296,859	—	—
After 1 year but within 2 years	830	—	—
	297,689	—	—
Other borrowings from a related party			
Within 1 year or on demand	—	291,613	—
After 1 year but within 2 years	—	—	311,337
	297,689	291,613	311,337

27 Lease liabilities

As at the end of each reporting period, the lease liabilities were repayable as follows:

	As at December 31,		
	2019	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	11,927	43,748	48,940
After 1 year but within 2 years	9,101	42,381	22,133
After 2 years but within 5 years	17,455	26,103	19,261
After 5 years	174,701	177,494	159,048
	201,257	245,978	200,442
	213,184	289,726	249,382

28 Deferred income

	As at December 31,		
	2019	**2020**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
At January 1	53,448	75,247	73,980
Additions	40,551	3,350	5,330
Credited to profit or loss	(18,752)	(4,617)	(6,740)
At December 31	75,247	73,980	72,570
Representing:			
Current portion	4,213	3,881	6,093
Non-current portion	71,034	70,099	66,477

As at December 31, 2019, 2020 and 2021, deferred income of the Group mainly represented various grants received from governments for research and development of lithium related technology, construction of property, plant and equipment and interest in leasehold land for own use. Government grants relating to compensation of assets are recognized as other income on a straight-line basis over the expected useful life of the relevant assets.

29 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Mainland China Corporate Income Tax			
At January 1	85,551	(1,572)	154
Charged to profit or loss	2,245	4	590,388
(Payments)/tax refund during the year	(89,368)	1,722	(167,369)
At December 31	(1,572)	154	423,173
Hong Kong and overseas Corporate Income Tax			
At January 1	261,963	530,525	113,115
Charged to profit or loss	1,079,966	82,290	193,503
Payments during the year	(803,550)	(498,636)	(270,105)
Exchange adjustment	(7,854)	(1,064)	(8,113)
At December 31	530,525	113,115	28,400
Representing:			
Prepaid tax	(12,149)	(117,041)	(235,299)
Current taxation	541,102	230,310	686,872
	528,953	113,269	451,573

(b) ***Deferred tax assets and liabilities recognized:***

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognized in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Impairment provisions	Unrealized intra-group profit	Unused tax losses	Unrealized exchange (gain)/loss	Provisions	Government grants	Equity-settled share-based payment expenses	Unrealized fair value gains/(loss)	Depreciation allowances difference	Mine development and stripping costs	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2019	(22,644)	(65,791)	(171,541)	(28,751)	(54,474)	(10,567)	(17,625)	69,502	62,640	326,694	10,681	98,124
Charged/(credited) to profit or loss	5,329	(60,859)	(220,372)	4,633	(26,606)	67	6,765	61,710	67,926	67,554	13,732	(80,121)
Charged/(credited) to other reserve	—	—	—	—	—	—	10,860	—	—	—	—	10,860
Foreign exchange differences	—	762	(3,777)	(325)	(832)	—	—	—	834	4,427	215	1,304
At December 31, 2019 and January 1, 2020	(17,315)	(125,888)	(395,690)	(24,443)	(81,912)	(10,500)	—	131,212	131,400	398,675	24,628	30,167
Other changes*	—	—	72,355	—	—	—	—	—	—	—	—	72,355
Charged/(credited) to profit or loss	4,911	76,679	(368,084)	161,375	(10,860)	61	—	(154,440)	287,454	77,973	(86,191)	(11,122)
Foreign exchange differences	—	13,629	5,040	1,491	(2,358)	—	—	—	6,134	11,814	(484)	35,266
At December 31, 2020 and January 1, 2021	(12,404)	(35,580)	(686,379)	138,423	(95,130)	(10,439)	—	(23,228)	424,988	488,462	(62,047)	126,666
Other changes*	—	—	93,930	—	—	—	—	—	—	—	—	93,930
Charged/(credited) to profit or loss	1,796	(39,458)	522,478	(146,928)	582	160	—	95,576	83,172	49,399	22,967	589,744
Charged/(credited) to other reserve	—	—	—	—	—	—	—	133,642	—	—	—	133,642
Foreign exchange differences	—	(1,664)	(10,017)	15,312	7,454	—	—	(3,167)	(33,711)	(40,416)	(14,821)	(81,030)
At December 31, 2021	(10,608)	(76,702)	(79,988)	6,807	(87,094)	(10,279)	—	202,823	474,449	497,445	(53,901)	862,952

* Other changes represented tax refund received from Chilean tax authorities by the Group's Chilean subsidiary.

(ii) Reconciliation to the consolidated statements of financial position

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Net deferred tax asset recognized in the consolidated statement of financial position	(524,893)	(866,508)	(115,568)
Net deferred tax liability recognized in the consolidated statement of financial position	555,060	993,174	978,520
	30,167	126,666	862,952

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in note 2(w), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB878,439,000, RMB507,204,000, and RMB1,330,688,000 for the year ended December 31, 2019, 2020 and 2021 respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. For subsidiaries in Hong Kong, Chile and the United Kingdom, the tax losses do not expire under current tax legislation.

Pursuant to the relevant laws and regulations in mainland China, the unrecognized tax losses at the end of the Relevant Periods and December 31, 2021 will expire in the following years:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
2020	1,993	—	—
2021	1,402	1,402	—
2022	8,402	43,912	42,475
2023	11,749	61,939	61,939
2024	26,965	7,993	7,993
2025	—	44,512	44,512
2026	—	—	15,802
	50,511	159,758	172,721

30 Provisions

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
At January 1	195,893	321,709	403,394
Rehabilitation and mine closure adjustment	124,539	60,445	(43,606)
Unwind of discount on rehabilitation and mine closure provision (i)	4,830	4,745	5,637
Foreign exchange differences	(3,553)	16,495	(30,155)
At December 31	321,709	403,394	335,270

(i) The Group's Australian entities have an obligation to rehabilitate its mining areas at the end of the life of their mining operations according to Australian laws and regulations. The Group recognizes a provision for the cost to rehabilitate the mining areas as the obligation arises and when it can be reliably measured. Estimates are required to determine the level of undiscounted rehabilitation and closure costs for such entities. In addition, an estimate of the life of mine is required to determine the period over which the undiscounted costs are required to be discounted. The estimated cost to rehabilitate its mining areas is determined according to past experience and the best estimate of future expenditures given the current area of disturbance and after considering the current related regulations. The directors also consider factors such as the time value of money and therefore the discount rate which is applied to discount the estimated future cash outflows to the net present value. The discount rate applied by the Group to discount the estimated amount of 'rehabilitation and mine closure' was the 15-year risk-free Australian government bond rate of 1.61%, 1.32% and 2.01% as at December 31, 2019, 2020 and 2021 respectively. The life of mine has been estimated to be approximately 21, 20 and 19 years as at December 31, 2019, 2020 and 2021 respectively based on the most updated estimation of mineable reserves and the anticipated rate of production. This is the period over which the rehabilitation and closure provision is discounted. The life of mine is subject to change should the mineable reserves and the anticipated rate of production change in the future.

31 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

Company

	Note	Share capital	Capital reserve	Restricted shares held for incentive scheme	PRC statutory reserves	Other reserves	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2019		1,142,053	4,584,882	(27,040)	315,013	66,806	2,174,325	8,256,039
Changes in equity for 2019:								
Profit and total comprehensive income for the year		—	—	—	—	—	515,081	515,081
Issuance of ordinary A shares	31(c)(i)	335,111	2,571,594	—	—	—	—	2,906,705
Equity-settled share-based payments		—	—	—	—	4,292	—	4,292
Tax effect of share-based payments		—	—	—	—	(10,662)	—	(10,662)
Vesting of restricted A shares		—	23,389	25,887	—	(23,389)	—	25,887
Cancelation of restricted A shares		(65)	(1,088)	1,153	—	—	—	—
Appropriation to statutory reserve		—	—	—	51,508	—	(51,508)	—
Cash dividends	31(b)	—	—	—	—	—	(205,569)	(205,569)
Balance at December 31, 2019 and January 1, 2020		1,477,099	7,178,777	—	366,521	37,047	2,432,329	11,491,773
Changes in equity for 2020:								
Profit and total comprehensive income for the year		—	—	—	—	—	98,278	98,278
Others		—	—	—	—	—	(18,110)	(18,110)
Appropriation to statutory reserve	31(d)	—	—	—	9,827	—	(9,827)	—
Balance at December 31, 2020 and January 1, 2021		1,477,099	7,178,777	—	376,348	37,047	2,502,670	11,571,941
Changes in equity for 2021:								
Total comprehensive income for the year		—	—	—	—	400,928	766,782	1,167,710
Appropriation to statutory reserve	31(d)	—	—	—	78,695	—	(78,695)	—
Balance at December 31, 2021		1,477,099	7,178,777	—	455,043	437,975	3,190,757	12,739,651

(b) Dividends

(i) No dividend to equity shareholders of the Company was proposed after the end of each reporting period for the year ended December 31, 2019, 2020 and 2021.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year	205,569	—	—

(c) Share capital

	As at December 31,					
	2019		2020		2021	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000
Ordinary shares, issued and fully paid:						
At January 1	1,142,053	1,142,053	1,477,099	1,477,099	1,477,099	1,477,099
Issuance of ordinary A shares (i)	335,111	335,111	—	—	—	—
Cancelation of restricted A shares (ii)	(65)	(65)	—	—	—	—
At December 31	1,477,099	1,477,099	1,477,099	1,477,099	1,477,099	1,477,099

(i) On December 25, 2019, the Company issued 335,111,000 ordinary A shares at RMB8.75 per share to all of its shareholders and collected RMB2,906,705,000, after net of the offering cost, among which RMB335,111,000 was credited to share capital and RMB2,571,594,000 was credited to capital reserve.

(ii) The Company repurchased 65,000 shares from two employees who participated in the Restricted A Share Incentive Scheme but resigned from the Company in 2019. The repurchased shares were canceled in 2019.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the difference between the consideration and the par value of the issued and paid up shares of the Company.

(ii) Special reserves

Pursuant to the relevant PRC regulations for production of hazardous chemicals, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety, and are not available for distribution to shareholders.

(iii) PRC statutory reserve

According to the PRC Company Law, the Company is required to transfer 10% of their profit after taxation (after offsetting the losses in the previous years), as determined under the PRC Accounting Regulations, to the statutory reserves until the reserve balance reaches 50% of the registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserves fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Other reserves

Other reserves of the Group mainly represented (1) merger reserves resulted from business combination in prior years respectively involving entities under common control (2) the reserve resulted from IGO's share subscription in TLEA while the Group retained the control and (3) the portion of the grant date fair value of unlocked restricted A shares granted to employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in note 2(v).

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the mainland China which are dealt with in accordance with the accounting policies set out in note 2(z).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and lease liabilities) less cash and cash equivalents and restricted deposits for bank loans and other borrowings.

The Group's adjusted net debt-to-capital ratio at December 31, 2019, 2020 and 2021 was as follows:

	Note	As at December 31, 2019	2020	2021
		RMB'000	RMB'000	RMB'000
Current liabilities:				
Bank loans and other borrowings	26	19,537,138	23,823,240	9,762,521
Lease liabilities	27	11,927	43,748	48,940
		19,549,065	23,866,988	9,811,461
Non-current liabilities:				
Bank loans and other borrowings	26	14,326,021	6,329,364	11,800,154
Lease liabilities	27	201,257	245,978	200,442
Total debt		34,076,343	30,442,330	21,812,057
Less:				
Cash and cash equivalents	24	(3,930,936)	(788,206)	(1,766,096)
Restricted deposits for bank loans	26	(51,213)	(25)	(175,728)
Adjusted net debt		30,094,194	29,654,099	19,870,233
Total equity		8,906,319	7,427,826	19,792,952
Adjusted net debt-to-capital ratio		338%	399%	100%

32 Restricted A share Incentive Scheme

The Company adopted a share incentive scheme (the "Restricted A Share Incentive Scheme") for the purpose of further refining the corporate governance structure of the Group, and facilitating the establishment of the restricted incentive mechanism, to motivate the management and key personnel of the Group and the Restricted A Share Incentive Scheme was approved by shareholder's general meeting of the Company in 2015. All of the restricted shares granted to the eligible participants shall be subject to various lock-up periods ranging from 1 year to 4 years and would be unlock under certain target performance.

In 2019, a total number of 3,197,000 restricted shares amounting to RMB25,887,000 have been unlocked, with amount of RMB23,389,000 transferred from other reserves to capital reserve. Following the resignation of two employee of the Company in 2019, the Company repurchased and canceled 65,000 restricted shares amounting to RMB1,153,000. As at December 31, 2019, all the restricted shares granted have been unlocked or otherwise repurchased and canceled.

33 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits, bills receivable and derivative financial assets is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Credit risk arising from trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 90 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

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

	At December 31, 2019		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB'000**	**RMB'000**
Current (not past due)	2.0%	358,706	(7,055)
Individually impaired	100.0%	4,381	(4,381)
		363,087	(11,436)

	At December 31, 2020		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB'000**	**RMB'000**
Current (not past due)	0.9%	230,542	(2,015)
Within 1 year past due	5.0%	4,439	(222)
Individually impaired	100.0%	4,381	(4,381)
		239,362	(6,618)

	At December 31, 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB'000**	**RMB'000**
Current (not past due)	1.6%	653,425	(10,482)
Individually impaired	100.0%	4,043	(4,043)
		657,468	(14,525)

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

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

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
At January 1	12,736	11,436	6,618
Impairment losses (reversed)/recognised	(1,300)	(4,818)	7,907
At December 31	11,436	6,618	14,525

The directors of the Company consider the Group's exposure to credit risk arising from other receivables is not significant as the balances of other receivables as at December 31, 2019, 2020 and 2021 remained immaterial and no significant actual losses were experienced historically by the Group.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At December 31, 2019					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	21,096,883	9,014,979	6,533,400	—	36,645,262	33,863,159
Lease liabilities	20,336	17,184	39,871	289,670	367,061	213,184
Trade and other payables	1,941,974	—	—	—	1,941,974	1,941,974
Derivative financial instruments liabilities	—	46,733	—	—	46,733	46,733
	23,059,193	9,078,896	6,573,271	289,670	39,001,030	36,065,050

	At December 31, 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	24,411,067	3,358,252	3,318,827	—	31,088,146	30,152,604
Lease liabilities	53,468	51,044	48,863	289,634	443,009	289,726
Trade and other payables	2,039,426	—	—	—	2,039,426	2,039,426

	At December 31, 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments liabilities	65,583	424,837	—	—	490,420	490,420
	26,569,544	3,834,133	3,367,690	289,634	34,061,001	32,972,176

	At December 31, 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	10,351,351	12,195,924	556,149	—	23,103,424	21,562,675
Lease liabilities	57,416	29,040	39,821	256,366	382,643	249,382
Trade and other payables	1,536,113	—	—	—	1,536,113	1,536,113
Derivative financial instruments liabilities	388,401	—	—	—	388,401	388,401
	12,333,281	12,224,964	595,970	256,366	25,410,581	23,736,571

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and other borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Notional amount		
	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Fixed rate borrowings:			
Bank loans and other borrowings	7,923,263	7,928,790	5,258,232
Lease liabilities	213,184	289,726	249,382
	8,136,447	8,218,516	5,507,614
Variable rate borrowings:			
Bank loans and other borrowings	25,939,896	22,223,814	16,304,443
Net exposure	25,939,896	22,223,814	16,304,443

(ii) Sensitivity analysis

The following table details the effect on the Group's (loss)/profit after tax and retained profits as at the end of each reporting period that an increase/ decrease of 100 basis points in interest rates would have.

	Year ended or as at December 31,					
	2019	2019	2020	2020	2021	2021
	An increase of 100 basis points in interest rates	A decrease of 100 basis points in interest rates	An increase of 100 basis points in interest rates	A decrease of 100 basis points in interest rates	An increase of 100 basis points in interest rates	A decrease of 100 basis points in interest rates
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Effect on:						
(Loss)/profit after tax	(194,019)	194,019	(165,184)	165,184	(105,559)	105,559
Retained profits	(194,019)	194,019	(165,184)	165,184	(105,559)	105,559

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, cash balances and bank loans and other borrowings that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD") and Australian dollars ("AUD"). The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	As at December 31, 2019	
	USD	AUD
	RMB'000	RMB'000
Trade and other receivables	291,399	—
Cash and cash equivalents	336,995	843
Trade and other payables	(231,216)	(3,641)
Current bank loans and other borrowings	(258,661)	—
Non-current bank loans and other borrowings	(4,743,772)	—
Net exposure arising from recognized assets and liabilities	(4,605,255)	(2,798)

	As at December 31, 2020	
	USD	AUD
	RMB'000	RMB'000
Trade and other receivables	219,882	—
Cash and cash equivalents	35,756	503,256
Restricted deposits	618	—
Trade and other payables	(162,685)	(7,650)
Current bank loans and other borrowings	(79,580)	—
Non-current bank loans and other borrowings	(5,107,175)	—
Net exposure arising from recognized assets and liabilities	(5,093,184)	495,606

	As at December 31, 2021	
	USD	AUD
	RMB'000	RMB'000
Trade and other receivables	89,267	773
Cash and cash equivalents	157,491	13,304
Trade and other payables	(3,281)	(17,821)
Current bank loans and other borrowings	(1,081,237)	—
Non-current bank loans and other borrowings	(3,052,364)	—
Net exposure arising from recognised assets and liabilities	(3,890,124)	(3,744)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Year ended or as at December 31,					
	2019		2020		2021	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits
		RMB'000		RMB'000		RMB'000
USD	5%	(167,998)	5%	(184,919)	5%	(142,560)
	(5%)	167,998	(5%)	184,919	(5%)	142,560
AUD	5%	(101)	5%	(238)	5%	(106)
	(5%)	101	(5%)	238	(5%)	106

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for the years ended December 31, 2019, 2020 and 2021.

In addition to the above, a subsidiary of the Company with functional currency of AUD has bank loans in USD. The Group uses foreign exchanges forward contracts and currency swaps with notional principal amounts of USD150 million to manage its exposure to foreign exchange rate risk of the loans and borrowings in USD. The contracts will mature in 2022.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted equity securities and investment in wealth management products issued by banks which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value measurements At December 31, 2019			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
—Investment in wealth management products issued by banks	—	—	10,000	10,000
Financial assets at FVOCI				
—Bank acceptance notes receivable	—	444,903	—	444,903
—Unlisted equity securities	—	—	50,430	50,430
Derivative financial instruments				
—Collar options	—	—	194,980	194,980
—Structured Cross Currency Swap	—	37,519	—	37,519
—Foreign exchange forward contracts	—	346	—	346
—Interest rate swap	—	(46,733)	—	(46,733)

	Fair value measurements At December 31, 2020			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
—Bank acceptance notes receivable	—	130,525	—	130,525
—Unlisted equity securities	—	—	50,430	50,430
Derivative financial instruments				
—Collar option	—	—	(413,663)	(413,663)
—Interest rate swap	—	(50,092)	—	(50,092)
—Electricity Derivatives	—	(26,665)	—	(26,665)

	Fair value measurements At December 31, 2021			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
—Bank acceptance notes receivable	—	2,014,403	—	2,014,403
—Equity securities	585,000	110,617	—	695,617
Derivative financial instruments				
—Collar options	—	—	(381,461)	(381,461)
—Electricity Derivatives	—	(6,940)	—	(6,940)

During the years ended December 31, 2019 and 2020, there were no transfers between Level 1 and Level 2. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of bank acceptance notes receivable measured at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of forward exchange contracts and electricity derivatives in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

For Level 2 financial assets at FVPL, fair values are generally obtained through the use of valuation methodologies with observable market inputs or by reference to recent transaction prices.

Information about Level 3 fair value measurements

The fair value of collar options is determined by Option Pricing Model with significant unobservable input of expected volatility. At December 31, 2019, 2020 and 2021, the expected volatility ranged from 34.7% to 38.7%, from 43.2% to 47.2%, and from 48.5% to 52.5% respectively. The fair value measurement is positively correlated to the expected volatility. At December 31, 2019, 2020 and 2021, it is estimated that with all other variables held constant, an increase/decrease in expected volatility by 5% would have increase/decrease the Group's loss/profit before taxation by RMB25,425,000, RMB10,591,000 and RMB7,809,000.

The fair value of investment in wealth management products issued by banks as at December 31, 2019 is determined using the forecast future cashflow discounted by risk-adjusted discount rate. At December 31, 2019, the expected investment income ranged from RMB5,000 to RMB10,000, and the risk adjusted discount rate ranged from 1.6% to 3.1%. The fair value measurement is positively correlated to the expected investment income and negatively correlated to the risk adjusted discount rate.

The fair value of unlisted equity instruments as at December 31, 2019 and 2020 was determined with reference to the latest transaction price. The fair value measurement is positively correlated to the recent transaction price. At December 31, 2019 and 2020, it is estimated that with all other variables held constant, an increase/decrease in the latest transaction price by 5% would have increase/decrease the Group's other comprehensive income by RMB1,891,000 and RMB1,891,000.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Unlisted equity securities:			
At January 1	—	50,430	50,430
Additions	50,430	—	—
Transfer out	—	—	(50,430)
At December 31	50,430	50,430	—

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Investment in wealth management products issued by banks:			
At January 1	46,000	10,000	—
Additions	1,333,900	—	—
Disposals	(1,369,900)	(10,000)	—
At December 31	10,000	—	—

As mentioned in note 19, Xiawu New Energy became listed on the Science and Technology Innovation Board of Shanghai Stock Exchange. The Group measured the fair value of its investment in Xiawu New Energy at the latest quoted prices at Shanghai Stock Exchange as at December 31, 2021.

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognized in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as at December 31, 2019, 2020 and 2021.

34 Commitments

Capital commitments outstanding at December 31, 2019, 2020 and 2021 not provided for in the Historical Financial Information were as follows:

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Contracted for	656,207	436,877	659,332
Authorized but not contracted for	281,584	212,268	394,519
	937,791	649,145	1,053,851

35 Contingent liabilities

On December 8, 2020, the Company and TLEA entered into an investment agreement with IGO, pursuant to which TLEA agreed to issue and IGO agreed to subscribe for 177,864,310, new shares, representing 49% equity interest in TLEA after the share subscription (the "IGO Transaction") which did not crystalise an Australian taxation liability. The Australian Taxation Office (the "ATO") is currently focused on arrangements whereby a multiple entry consolidated group enables a tax free exit from certain Australian investments. The Group is currently engaged with the ATO in respect of the IGO Transaction to obtain certainty of the tax outcomes, although this engagement process is in its early stages so the outcome and timing is uncertain at this stage.

36 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	10,813	9,456	16,392
Share-based payment	1,950	—	—
Post-employment benefits	211	32	350
	12,974	9,488	16,742

Total remuneration is included in "staff costs" (see note 7(b)).

(b) Identify of related parties

Name of party	Relationship with the Group
Mr. Jiang Weiping 蔣衛平	Executive director and controlling shareholder
Ms. Zhang Jing 張靜	A close family member of Mr. Jiang Weiping
Ms. Jiang Anqi 蔣安琪	A close family member of Mr. Jiang Weiping
Mr. Li Silong 李斯龍	A close family member of Ms. Jiang Anqi
Tianqi Group Company ("成都天齊實業(集團)有限公司")	Immediate holding company

(c) Significant related party transactions

The Group	Year ended December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Short-term operating leases expenses:			
Tianqi Group Company	1,920	2,014	2,115
Purchases of goods / service from:			
Tianqi Group Company	1,634	1,387	1,304
Obtaining other borrowings from:			
Tianqi Group Company	—	658,500	451,835
Interest expenses:			
Tianqi Group Company	—	24,940	47,195
Guarantee expense to:			
Tianqi Group Company	—	8,491	—

(d) Balance with related parties

	As at December 31,		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
The Group			
Non-trade related			
Other borrowings from:			
Tianqi Group Company	—	672,772	1,171,802
Trade related			
Amounts due to:			
Tianqi Group Company	—	5,789	5,356
The Company			
Non-trade related			
Amounts due from subsidiaries	554,545	745,672	1,451,543
Trade related			
Amounts due from subsidiaries	1,693	18,273	9,797
Other borrowings from:			
Tianqi Group Company	—	291,613	311,337
Trade related			
Amounts due to:			
Tianqi Group Company	—	647	638

The Company expects to be able to fully repay other borrowings from Tianqi Group Company as soon as practicable after the listing of the Company's shares on the Stock Exchange and full repayment of the indebtedness incurred in connection with the acquisition of SQM.

(e) Guarantee provided by related parties

As disclosed in note 26, the bank loans and other borrowings of RMB26,832,005,000, RMB20,665,792,000 and RMB12,008,590,000 as at December 31, 2019, 2020 and 2021, respectively, were guaranteed by related parties. The directors of the Company are of the view that the guarantee provided by related parties will be discharged upon the listing of the Company's shares on the Stock Exchange and full repayment of the indebtedness incurred in connection with the acquisition of SQM.

37 Immediate and ultimate controlling party

At December 31, 2021, the directors consider the immediate holding company to be Tianqi Group Company which is incorporated in mainland China. At December 31, 2021, the directors consider the ultimate controlling shareholder of the Group to be Mr. Jiang Weiping.

38 Possible impact of amendments, new standards and interpretations

Up to the date of this report, the IASB has issued a number of amendments, and a new standard and interpretations which are not effective for the accounting year beginning from January 1, 2021 and which have not been adopted in the Historical Financial Information as follows:

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Reference to the Conceptual Framework*	January 1, 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	January 1, 2022
Amendments to IAS 37, *Onerous Contracts—Cost of Fulfilling a Contract*	January 1, 2022
IFRS 17, *Insurance contracts and related Amendments*	January 1, 2023
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	January 1, 2023

Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*	January 1, 2023
Amendments to IFRS 4, *Extension of the temporary exemption from applying IFRS 9*	January 1, 2023
Amendments to IAS 8, *Definition of Accounting Estimates*	January 1, 2023
Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	January 1, 2023
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

39 Subsequent events

As disclosed in the section headed "Summary – Recent Developments – SQM Indebtedness", on April 1, 2022, the Group and the lenders under the facility agreements in connection with the SQM indebtedness ("Facility Agreements") entered into an amendment deed, pursuant to which the lenders conditionally agreed to modify the terms of the Facility Agreements, mainly including the release of the obligations under the Shareholder Guarantee and termination of subordination of Shareholder Loans upon the satisfaction of certain conditions such as the completion of the listing of the Group's H-shares and partial repayment of the outstanding SQM indebtedness.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2021.