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赣锋锂业
GanfengLithium

Ganfeng Lithium Co., Ltd.
江西贛鋒鋰業股份有限公司

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

(Stock Code: 1772)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors of Ganfeng Lithium Co., Ltd. is pleased to announce the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	3	**11,043,007**	5,488,624
Cost of sales		**(6,685,938)**	(4,326,980)
Gross profit		**4,357,069**	1,161,644
Other income and gains	3	**2,690,464**	788,159
Selling and distribution expenses		**(61,623)**	(48,212)
Administrative expenses		**(840,336)**	(328,335)
Other expenses	4	**(171,370)**	(187,608)
Finance costs	5	**(264,857)**	(265,883)
Share of profits and losses of:			
Associates		**66,937**	(25,302)
Joint ventures		**(5,223)**	33,458
Profit before tax	6	**5,771,061**	1,127,921
Income tax expense	7	**(356,997)**	(63,688)
PROFIT FOR THE YEAR		**5,414,064**	1,064,233
Attributable to:			
Owners of the parent		**5,225,922**	1,025,309
Non-controlling interests		**188,142**	38,924
		5,414,064	1,064,233
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– Profit for the year *(RMB)*		**3.73**	0.79
Diluted			
– Profit for the year *(RMB)*		**3.72**	0.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 *RMB'000*	2020 *RMB'000*
PROFIT FOR THE YEAR	**5,414,064**	1,064,233
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(9,337)**	–
Share of other comprehensive income of associates and joint ventures	**(2,277)**	(1,098)
Exchange differences on translation of foreign operations	**(291,457)**	(487,949)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(303,071)**	(489,047)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**5,110,993**	575,186
Attributable to:		
Owners of the parent	**4,978,232**	652,058
Non-controlling interests	**132,761**	(76,872)
	5,110,993	575,186

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,902,841**	6,102,190
Investment properties		**72**	74
Right-of-use assets		**359,978**	210,260
Goodwill		**17,615**	–
Other intangible assets		**4,760,844**	3,407,003
Investments in associates		**3,161,830**	847,569
Investments in joint ventures		**925,576**	788,768
Financial assets at fair value through profit or loss		**3,330,509**	879,587
Deferred tax assets		**698,468**	40,363
Other non-current assets		**2,272,179**	969,728
Total non-current assets		**24,429,912**	13,245,542
CURRENT ASSETS			
Inventories		**3,283,309**	2,214,817
Trade receivables	10	**2,495,968**	1,355,775
Debt instruments at fair value through other comprehensive income	11	**823,339**	409,189
Amounts due from related parties		**23,114**	25,435
Prepayments, other receivables and other assets		**1,387,439**	2,506,909
Financial assets at fair value through profit or loss		**281,364**	87,117
Pledged deposits		**1,098,595**	466,000
Cash and cash equivalents		**5,233,611**	1,709,590
Total current assets		**14,626,739**	8,774,832
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**2,708,799**	2,287,894
Trade and bills payables	12	**2,280,075**	870,414
Amounts due to related parties		**250,928**	172,835
Other payables and accruals		**2,061,306**	647,576
Income tax payable		**896,842**	99,065
Financial liabilities at fair value through profit or loss		**11,157**	–
Total current liabilities		**8,209,107**	4,077,784

	Notes	2021 *RMB'000*	2020 *RMB'000*
NET CURRENT ASSETS		**6,417,632**	4,697,048
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,847,544**	17,942,590
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,658,855**	1,682,411
Convertible bonds		**–**	2,133,824
Deferred income		**93,741**	64,359
Deferred tax liabilities		**42,351**	63,837
Amounts due to related parties		**564,434**	283,255
Provision		**17,915**	7,279
Other non-current liabilities		**303,548**	289,220
Total non-current liabilities		**4,680,844**	4,524,185
Total liabilities		**12,889,951**	8,601,969
Net assets		**26,166,700**	13,418,405
EQUITY			
Equity attributable to owners of the parent			
Share capital		**1,437,479**	1,339,961
Equity component of convertible bonds		**–**	582,381
Reserves		**20,456,272**	8,783,282
		21,893,751	10,705,624
Non-controlling interests		**4,272,949**	2,712,781
Total equity		**26,166,700**	13,418,405

Director

Director

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, which include all standards and interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform*
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in United States dollars and foreign currencies based on the London Interbank Offered Rate ("**LIBOR**") as at 31 December 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022.

Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

IFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) Lithium metal and compound segment: manufacture and sale of lithium products, and rendering of processing services;

(b) Lithium battery segment: manufacture and sale of lithium batteries; and

(c) Lithium ore resource and others segment: exploration and sale of lithium ore and other lithium products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income and non-lease related finance costs are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2021

	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Segment revenue ***(note 3):***				
Sales to external customers	**9,025,796**	**2,017,211**	**–**	**11,043,007**
Intersegment sales	**5,576**	**6,989**	**53,001**	**65,566**
	9,031,372	**2,024,200**	**53,001**	**11,108,573**
Reconciliation:				
Elimination of intersegment sales				**(65,566)**
Revenue				**11,043,007**
Segment results	**5,597,161**	**26,748**	**204,470**	**5,828,379**
Reconciliation:				
Interest income				**207,539**
Finance costs (other than interest on lease liabilities)				**(264,857)**
Profit before tax				**5,771,061**

Year ended 31 December 2021

	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Segment assets	**16,881,173**	**7,336,829**	**17,695,150**	**41,913,152**
Reconciliation:				
Elimination of intersegment receivables				(2,856,501)
Total assets				**39,056,651**
Segment liabilities	**6,892,580**	**3,358,555**	**5,495,317**	**15,746,452**
Reconciliation:				
Elimination of intersegment payables				(2,856,501)
Total liabilities				**12,889,951**
Other segment information:				
Impairment losses recognised in the statement of profit or loss, net	**(38,992)**	**9,891**	**–**	**(29,101)**
Share of profits and losses of:				
Associates	**48,034**	**–**	**18,903**	**66,937**
Joint ventures	**(976)**	**–**	**(4,247)**	**(5,223)**
Depreciation and amortisation	**213,497**	**148,071**	**22,094**	**383,662**
Investments in associates	**539,555**	**–**	**2,622,275**	**3,161,830**
Investments in joint ventures	**15,099**	**–**	**910,477**	**925,576**
Capital expenditure*	**732,016**	**1,440,293**	**1,256,549**	**3,428,858**

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

Year ended 31 December 2020

	Lithium metal and compound RMB'000	Lithium battery RMB'000	Lithium ore resource and others RMB'000	Total RMB'000
Segment revenue *(note 3)*:				
Sales to external Customers	4,218,526	1,270,098	–	5,488,624
Intersegment sales	3,281	4,295	1,100	8,676
	4,221,807	1,274,393	1,100	5,497,300
Reconciliation:				
Elimination of intersegment sales				(8,676)
Revenue				5,488,624
Segment results	1,118,764	39,402	105,312	1,263,478
Reconciliation:				
Interest income				129,080
Finance costs (other than interest on lease liabilities)				(264,637)
Profit before tax				1,127,921
Segment assets	10,822,768	2,595,241	9,779,671	23,197,680
Reconciliation:				
Elimination of intersegment Receivables				(1,177,306)
Total assets				22,020,374
Segment liabilities	6,795,534	1,596,391	1,387,350	9,779,275
Reconciliation:				
Elimination of Intersegment Payables				(1,177,306)
Total liabilities				8,601,969

Year ended 31 December 2020

	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Other segment information:				
Impairment losses recognised in the statement of profit or loss,net	2,185	131,820	46	134,051
Share of profits and losses of:				
Associates	22,133	–	(47,435)	(25,302)
Joint ventures	(1,067)	–	34,525	33,458
Depreciation and amortisation	150,790	116,254	12,052	279,096
Investments in associates	364,077	–	483,492	847,569
Investments in joint ventures	–	22,677	766,091	788,768
Capital expenditure	452,937	373,585	563,471	1,389,993

Geographical information

(a) Revenue from external customers

	2021 ***RMB'000***	2020 *RMB'000*
Mainland China	**8,641,794**	4,058,537
Hong Kong and overseas	**2,401,213**	1,430,087
	11,043,007	5,488,624

The revenue information above is based on the locations of the Company and the subsidiaries.

(b) ***Non-current assets***

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**9,695,351**	4,363,181
Argentina	**6,828,743**	5,804,160
Hong Kong and overseas	**3,214,469**	1,381,788
	19,738,563	11,549,129

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the reporting period, no major customer information is presented.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**11,043,007**	5,488,624

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2021

Segments	**Lithium metal and compound** *RMB'000*	**Lithium battery** *RMB'000*	**Lithium ore resource and others** *RMB'000*	**Total** *RMB'000*
Types of goods or services				
Sale of industrial products	**8,941,917**	**2,017,211**	**–**	**10,959,128**
Processing services	**83,879**	**–**	**–**	**83,879**
Total revenue from contracts with customers	**9,025,796**	**2,017,211**	**–**	**11,043,007**
Geographical markets				
Mainland China	**6,705,830**	**1,935,964**	**–**	**8,641,794**
Asia other than Mainland China	**1,792,119**	**23,290**	**–**	**1,815,409**
European Union	**399,717**	**16,424**	**–**	**416,141**
North America	**116,048**	**38,154**	**–**	**154,202**
Other countries/ regions	**12,082**	**3,379**	**–**	**15,461**
Total revenue from contracts with customers	**9,025,796**	**2,017,211**	**–**	**11,043,007**
Types of products				
Lithium compounds and lithium metals	**8,236,831**	**–**	**–**	**8,236,831**
Lithium batteries	**–**	**1,989,747**	**–**	**1,989,747**
Others	**788,965**	**27,464**	**–**	**816,429**
Total revenue from contracts with customers	**9,025,796**	**2,017,211**	**–**	**11,043,007**
Timing of revenue recognition				
Revenue recognised at a point in time	**9,025,796**	**2,017,211**	**–**	**11,043,007**

For the year ended 31 December 2020

Segments	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of industrial products	4,182,443	1,270,098	–	5,452,541
Processing services	36,083	–	–	36,083
Total revenue from contracts with customers	4,218,526	1,270,098	–	5,488,624
Geographical markets				
Mainland China	2,808,993	1,249,544	–	4,058,537
Asia other than Mainland China	1,304,024	20,334	–	1,324,358
European Union	66,071	22	–	66,093
North America	33,578	112	–	33,690
Other countries/ regions	5,860	86	–	5,946
Total revenue from contracts with customers	4,218,526	1,270,098	–	5,488,624
Types of products				
Lithium compounds and lithium metals	3,853,889	–	–	3,853,889
Lithium batteries	–	1,267,275	–	1,267,275
Others	364,637	2,823	–	367,460
Total revenue from contracts with customers	4,218,526	1,270,098	–	5,488,624
Timing of revenue recognition				
Revenue recognised at a point in time	4,218,526	1,270,098	–	5,488,624

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2021

Segments	**Lithium metal and compound** *RMB'000*	**Lithium battery** *RMB'000*	**Lithium ore resource and others** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers				
External customers	9,025,796	2,017,211	–	11,043,007
Intersegment sales	5,576	6,989	53,001	65,566
	9,031,372	2,024,200	53,001	11,108,573
Intersegment adjustments and eliminations	(5,576)	(6,989)	(53,001)	(65,566)
Total revenue from contracts with customers	9,025,796	2,017,211	–	11,043,007

For the year ended 31 December 2020

Segments	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Revenue from contracts with customers				
External customers	4,218,526	1,270,098	–	5,488,624
Intersegment sales	3,281	4,295	1,100	8,676
	4,221,807	1,274,393	1,100	5,497,300
Intersegment adjustments and eliminations	(3,281)	(4,295)	(1,100)	(8,676)
Total revenue from contracts with customers	4,218,526	1,270,098	–	5,488,624

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 ***RMB'000***	2020 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**41,033**	39,046

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 180 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which gives rise to variable consideration subject to constraint.

Rendering processing services

The performance obligation is satisfied upon the completion of the processing services and short-term advances are normally required before rendering the services. Processing service contracts are for periods within one year, and the Group does not adjust any of the transaction prices for the time value of money.

The amounts of transaction prices allocated to the remaining performance obligations as at 31 December are as follows:

	2021	2020
	RMB'000	*RMB'000*
Within one year	**150,497**	41,033

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

(c) *Other income and gains*

	2021	2020
	RMB'000	*RMB'000*
Other income		
Dividend from financial assets at fair value through profit or loss	**5,857**	3,105
Sales of raw materials	**45,636**	23,269
Bank interest income	**145,607**	55,977
Interest income from associates and a joint venture	**61,932**	73,103
Government grants	**64,642**	84,614
Compensation for equity acquisition	**64,503**	–
Reversal of impairment of trade receivables, net	**5,498**	–
Reversal of impairment of financial assets included in prepayments, other receivables and other assets, net	**31,605**	–
Others	**10,953**	4,203
	436,233	244,271
Gains:		
Fair value gains, net:		
Financial assets at fair value through profit or loss	**2,228,686**	526,285
Net gain on disposal of financial assets at fair value through profit or loss	**24,741**	17,603
Gain on disposal of partial equity in an associate	**561**	–
Net gain on disposal of items of property, plant and equipment	**241**	–
	2,254,231	543,888
	2,690,464	788,159

4. OTHER EXPENSES

The detailed breakdown of the other expenses is as follows:

	2021 *RMB'000*	2020 *RMB'000*
Cost of raw materials sold	**18,295**	9,253
Impairment of goodwill	**–**	18,302
Impairment of trade receivables, net	**–**	33,008
Impairment of financial assets included in prepayments, other receivables and other assets, net	**–**	78,307
Net loss on disposal of items of property, plant and equipment	**8,113**	6,633
Write-down/(reversal) of inventories to net realisable value	**1,400**	(543)
Impairment of an investment in a joint venture	**6,602**	4,977
Exploration expenditure	**15,242**	3,253
Foreign exchange loss	**116,155**	28,322
Others	**5,563**	6,096
	171,370	187,608

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 *RMB'000*	2020 *RMB'000*
Interest on bank loans	**182,495**	142,177
Interest on other liabilities	**50,485**	26,754
Interest on lease liabilities	**1,399**	1,246
Interest on discounted bank notes	**14,502**	4,278
Interest on convertible bonds	**46,891**	101,778
Interest on early redemption of convertible bonds	**2,188**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**297,960**	276,233
Less: Interest capitalised in respect of convertible bonds	**(8,432)**	(10,201)
Interest capitalised in respect of bank loans	**(24,671)**	(149)
	264,857	265,883

6. PROFIT BEFORE TAX

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

	Notes	**2021** **RMB'000**	2020 RMB'000
(a) Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**505,820**	354,091
Equity-settled share-based expense		**237,921**	–
Other welfare		**122,934**	61,482
		866,675	415,573
(b) Cost of sales and services:			
Cost of inventories sold		**6,649,751**	4,305,470
Cost of providing processing services		**36,187**	21,510
		6,685,938	4,326,980

	Notes	**2021**	2020
		RMB'000	*RMB'000*
(c) Other items:			
Cost of selling raw materials*		**18,295**	9,253
Impairment of financial assets, net:			
Impairment of trade receivables, net	10	**(5,498)**	33,008
Impairment of financial assets included in prepayments, other receivables and other assets, net		**(31,605)**	78,307
Write-down/(reversal) of inventories to net realisable value		**1,400**	(543)
Impairment of goodwill*		**–**	18,302
Impairment of an investment in a joint venture*		**6,602**	4,977
Depreciation of property, plant and equipment and investment properties		**352,209**	259,658
Depreciation of right-of-use assets		**18,134**	10,354
Amortisation of intangible assets		**13,319**	9,084
Research and development –			
Deferred expenditure amortised		**1,168**	24,133
Current year expenditure		**340,395**	118,258
Less: Government grants released		**(3,039)**	(2,628)
Foreign exchange differences, net		**116,155**	28,322
Net loss on disposal of property, plant and equipment		**7,872**	6,633
Lease payments not included in the measurement of lease liabilities		**–**	82
Fair value (gains)/losses, net:			
Financial assets at fair value through profit or loss		**(2,228,686)**	(526,285)
Auditor's remuneration		**4,800**	2,800
Bank charges		**8,516**	6,031

* Cost of selling raw materials, the impairment of goodwill and the impairment of an investment in a joint venture are included in "Other expenses" in the consolidated statement of profit or loss.

7. INCOME TAX

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

	2021	2020
	RMB'000	*RMB'000*
Current corporate income tax	**905,924**	115,536
Deferred tax	**(548,927)**	(51,848)
	356,997	63,688

Provision for Mainland China current income tax was based on the statutory rate of 25% of the assessable profits for the reporting period of the Group as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008, except for the Company and certain subsidiaries of the Group in Mainland China, which were taxed at a preferential rate of 15%.

The Company has been recognised as a High and New Technology Enterprise ("**HNTE**"), and such status will expire on 2 November 2024. Based on the Enterprise Income Tax Law and related regulations, the applicable tax rate of the Company is 15% provided that the Company complies with the conditions set out in the relevant requirements. Certain subsidiaries are also recognised as HNTEs and the effective periods are as follows:

Name	**Effective period**
Fengxin Ganfeng Lithium Co., Ltd.	2019/9/16-2022/9/15
Dongguan Ganfeng Electronics Co., Ltd.	2019/12/2-2022/12/1
Jiangsu Ganfeng Power Battery Technology Co.,Ltd.	2020/12/2-2023/12/1
Xinyu Ganfeng Electronics Co., Ltd.	2020/12/2-2023/12/1
Ganfeng Recycling Technology Co., Ltd.	2021/11/3-2024/11/2
Ganfeng LiEnergy Technology Co., Ltd. Yichun	2021/11/3-2024/11/2
Ganfeng Lithium Co., Ltd.	2021/11/3-2024/11/2
Ganfeng Lithium Co., Ltd.	2021/11/3-2024/11/2

Also, according to the tax regulations relates to Western Region Development Policy, the applicable income tax rate of Ningdu Ganfeng Lithium Co., Ltd, Western Resource Co., Ltd, Qinghai Liangcheng Mining Co.,Ltd and Haixi Liangli Lithium Co., Ltd is 15%, and such tax concession will be expired on 31 December 2030.

A reconciliation of the tax expense applicable to profit before tax using the applicable rates for the regions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2021	2020
	RMB'000	*RMB'000*
Profit before tax	**5,771,061**	1,127,921
Tax at the applicable tax rate (15%)	**865,659**	169,188
Impact on tax payment due to different tax rates for specific provinces or enacted by local authority	**19,779**	(21,490)
Expenses not deductible for tax	**11,329**	1,019
Income not subject to tax	**(359,200)**	(91,525)
(Loss)/profit attributable to joint ventures and associates	**(12,872)**	1,723
Effect on opening deferred tax of increase in rates	**(4,007)**	–
Tax losses and temporary differences not recognised	**27,546**	31,089
Tax losses utilised and temporary difference recognized	**(141,404)**	(14,026)
Adjustments in respect of current tax of previous periods	**(1,813)**	(820)
Effect of additional tax deduction for research and development expenditure	**(48,020)**	(11,470)
Tax charge at the Group's effective rate	**356,997**	63,688

8. DIVIDENDS

Proposed cash dividend

	2021	2020
	RMB'000	*RMB'000*
RMB0.30 for 2021 (RMB0.30 for 2020) per ordinary share	**431,244**	406,778

On 30 March 2022, the board of directors of the Company resolved to propose the final dividend for the year ended 31 December 2021 of RMB0.30 per share. The amount of the proposed final dividend of RMB431,244,000 is calculated based on the total number of shares of the Company of 1,437,478,880 shares on the record of 29 March 2022.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,400,196,605 (2020: 1,304,402,785) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2021	2020
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**5,225,922**	1,025,309
Interest on convertible bonds	**40,647**	91,577
Earnings		
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**5,266,569**	1,116,886

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share	**1,400,196,605**	1,304,402,785
Effect of dilution – weighted average number of ordinary shares:		
– Share option scheme	**2,590,763**	–
– Convertible bonds	**15,039,355**	49,579,346
	1,417,826,723	1,353,982,131

10. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**2,545,687**	1,436,263
Impairment	**(49,719)**	(80,488)
	2,495,968	1,355,775

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month to six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2021, no trade receivables were restricted on title (31 December 2020: nil).

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

	2021	2020
	RMB'000	*RMB'000*
Within 6 months	**2,406,134**	1,246,171
More than 6 months but less than 1 year	**23,790**	53,780
1 to 2 years	**19,250**	44,987
2 to 3 years	**40,318**	503
Over 3 years	**6,476**	10,334
	2,495,968	1,355,775

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**80,488**	49,430
Impairment losses, net *(note 6)*	**(5,498)**	33,008
Amount written off as uncollectible	**(25,271)**	(1,950)
At end of year	**49,719**	80,488

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

		Past due				
	Current	**Less than one year**	**One year to two years**	**Over two year**	**Assessed individually**	**Total**
Expected credit loss rate (%)	**0.20**	**2.52**	**26.91**	**99.77**	**35.41**	
Gross carrying amount *(RMB'000)*	**2,318,514**	**141,811**	**3,712**	**17,938**	**63,712**	**2,545,687**
Expected credit losses *(RMB'000)*	**4,695**	**3,571**	**999**	**17,896**	**22,558**	**49,719**

As at 31 December 2020

		Past due				
	Current	Less than one year	One year to two years	Over two year	Assessed individually	Total
Expected credit loss rate (%)	0.34	1.89	32.81	98.99	36.66	
Gross carrying amount *(RMB'000)*	1,113,469	195,118	10,385	42,785	74,506	1,436,263
Expected credit losses *(RMB'000)*	3,731	3,684	3,407	42,351	27,315	80,488

11. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	RMB'000	*RMB'000*
Debt instruments at fair value through other comprehensive income:		
Bills receivable	**823,339**	409,189

The Group's business model for the management of bills receivable is aimed at both receiving contractual cash flows and selling. As a result, they were classified and presented as debt instruments at fair value through other comprehensive income.

As at 31 December 2021, the Group's debt instruments at fair value through other comprehensive income with a carrying amount of RMB431,919,000 (2020: RMB132,506,000) were pledged to issue banks' acceptance bills and letters of credit.

12. TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**933,618**	640,092
Bills payable	**1,346,457**	230,322
	2,280,075	870,414

An ageing analysis of the trade payables as at 31 December 2021, based on the invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**753,322**	505,047
3 to 6 months	**102,269**	70,828
6 to 12 months	**46,957**	32,295
1 to 2 years	**20,256**	22,286
2 to 3 years	**10,814**	9,636
	933,618	640,092

The trade payables are non-interest-bearing and are normally settled on terms within 180 to 360 days.

13. EVENTS AFTER THE REPORTING PERIOD

(1) On 30 March 2022, in the 39th meeting of the fifth session of the Board of Directors, the resolution of "*Profit distribution plan for the year of 2021*" had been reviewed and approved. According to the resolution, a cash dividend of RMB3.00 (before tax) for every 10 shares and a conversion of capital reserve into share capital by 4 shares for every 10 existing shares are to be distributed to all shareholders based on the number of shares they hold on the record date determined by the implementation of annual profit distribution.

(2) In February 2022, the total number of shares in respect of the offer made by Shanghai Ganfeng to acquire Bacanora exceeded 90% of the total number of shares in respect of the offer to be made. The Company then initiated the process of compulsory acquisition of all remaining shares in accordance with the tender offer agreement.

(3) On 25 March 2022, in the 38th meeting of the fifth session of the Board of Directors, the resolution of "Proposal in relation to the convertible bond investment in Shanghai Jujingui which involves mining rights investment" had been reviewed and approved. According to the resolution, the Company will invest in the convertible bonds issued by Shanghai Jujingui Enterprise Management Partnership (limited partnership) ("**Shanghai Jujingui**") at a price of RMB315 million with its own funds. The term of convertible is two years. Shanghai Jujingui agrees to provide pledge guarantee to the Company with its 18% equity interest of Xinyu Ganfeng Mining Co., Ltd. which was established on 18 February 2022 and indirectly owns the Songshugang tantalum niobium mine project located in Hengfeng County, Shangrao City, Jiangxi Province. At present, the project has one exploration license. The relevant procedures for the transfer of exploration right to mining right are being handled. Up to date of this report, the Company and Shanghai Jujingui hold 62% and 38% of the equity interests in Xinyu Ganfeng Mining Co., Ltd. respectively.

(4) On 30 March 2022, GFL completed the acquisition of 50% equity interest in Netherlands SPV Company ("**SPV**") at a consideration of USD130,000,000 with its own funds. SPV holds the Goulamina spodumene project by a wholly-owned subsidiary, Mali Lithium B.V.. According to the updated definitive feasibility study report, the phase I production capacity planning of Goulamina spodumene project has been updated to an annual production capacity of 506,000 dry tons of 6% spodumene concentrate. At the same time, the project plans to put into operation the phase II production capacity within 18 months after the target of phase I production capacity is reached, and it is expected to increase the original annual production capacity to 831,000 dry tons of 6% spodumene concentrate.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

1. Analysis of lithium resource market

The majority of global lithium resources are sourced from salt lakes and hard-rock lithium mines. Well-developed salt lakes are mainly found in the lithium delta of South America and in China, while the majority of lithium mines are concentrated in Western Australia. According to the research report of Minmetals Securities, from 2016 to 2021, the global output of ore lithium in concentrate increased significantly from 88,000 tonnes lithium carbonate equivalent ("**LCE**") to 319,000 tonnes LCE, while the global output of salt-lake lithium grew from 126,000 tonnes LCE to 256,000 tonnes LCE. The global demand for LCE amounted to 380,400 tonnes and 606,200 tonnes in 2020 and 2021, respectively. In recent years, the growing demand for lithium chemicals has been largely met with increased production of lithium ore by downstream lithium chemical production. However, due to the impacts of the spread of COVID-19 pandemic and low lithium prices in 2020, lithium resource enterprises cut back on capital expenditure and slowed down project expansion in succession in 2020, and as a result, new addition supplies of lithium resources were limited in 2021 and the market still remained in a tight balance with supply less than demand.

(1) Market of spodumene concentrate

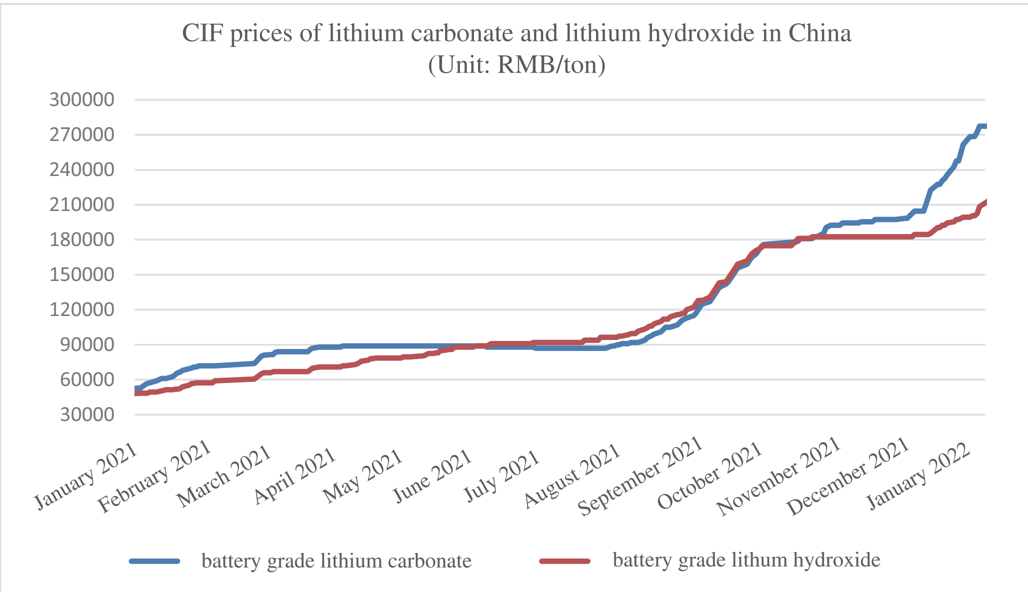
Australia is the world's largest producer of lithium ore. The completed lithium projects of Australia are mainly distributed in Western Australia, with the continuous increase in price, the profitability of mature mines will gradually become obvious. During the past three years, several new lithium mines located in Western Australia were brought into production successively, and some existing projects announced or executed on expansion plans. According to the data of Shanghai Metals Market, as of February 2022, the domestic CIF price of 5%-6% spodumene concentrate was around USD2,610–2,660/tonne, representing an increase of 502%-565% as compared with the price of USD400–435/tonne at the beginning of 2021.

(2) Market of salt lake brines

The salt lake brine lithium ore is the most important type of mine bed among the types of lithium ore currently under development in worldwide, accounting for 75% of the world's lithium reserves, which is also the leading direction for the industrial exploitation of lithium The main supply of salt lake brine projects is in South America, where the current brine projects are located in Chile and Argentina. The South American salt lakes have excellent development conditions due to low magnesium to lithium ratio, and the future increase of the South American salt lakes will be mainly attributable to the operation and capacity expansion of several projects including the Company's Cauchari-Olaroz and Mariana projects. Enterprises engaged in extracting lithium from salt lakes are benefiting from higher sales volumes and prices, as a result of which the operations have gradually improved and entered into another active capital expenditure period.

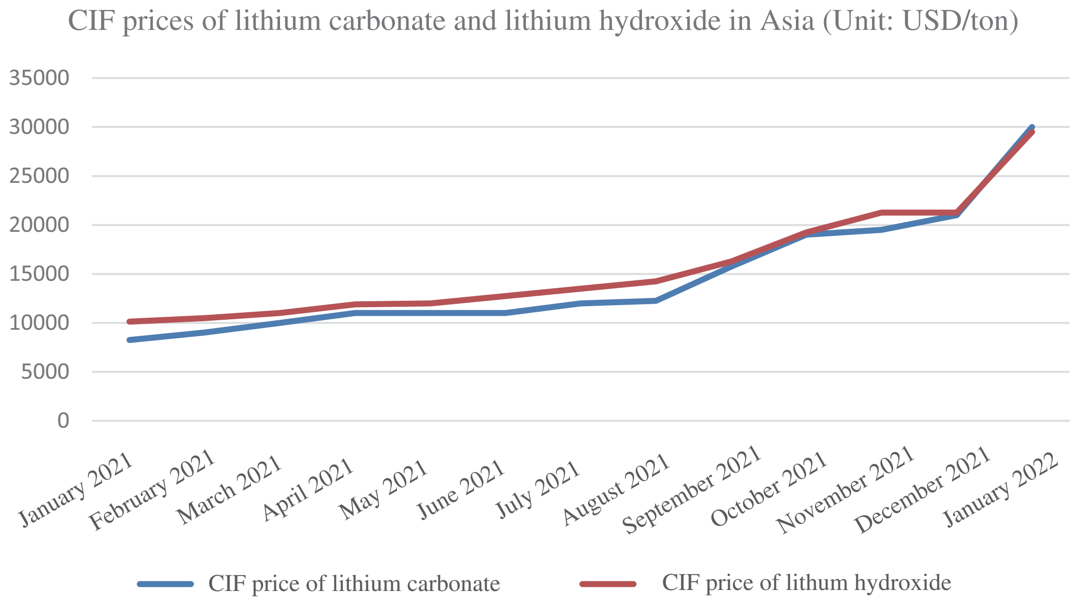
2. Analysis of the lithium compound market

In recent years, prices of major lithium compounds have been fluctuating violently in China market. Benefiting from the explosion in demands of new energy vehicle market in the downstream, the price of major lithium compounds in the Chinese market has kept an overall upward trend since 2021, among which lithium carbonate prices showing a more pronounced upward trend than lithium hydroxide prices. Specific movements are shown in the following graph:



Source: Asian Metal, Minmetals Securities Institute

Meanwhile, the prices of major lithium compounds increased simultaneously in international market. In Asian market, for example, the CIF prices of lithium carbonate and lithium hydroxide in Asia have gradually increased since the beginning of 2021. Specific movements are shown in the following table:

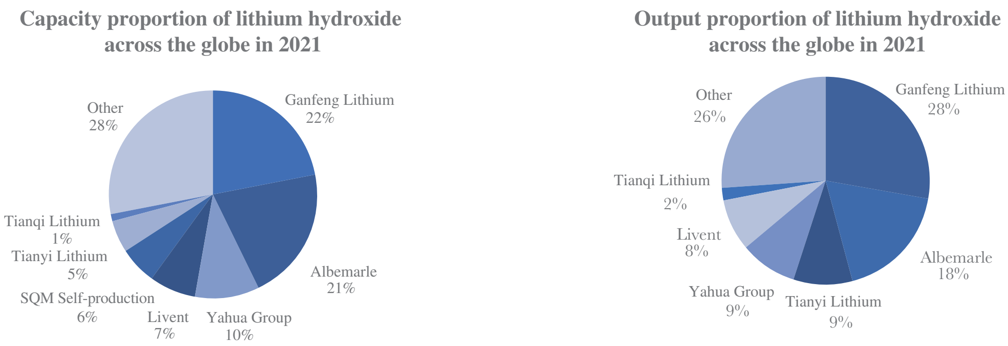


Source: Benchmark

In recent years, due to the rapid development of new energy vehicles and energy storage system industries, the increase in the demand for power batteries has led to the rapid expansion on the demand for lithium iron phosphate materials and ternary materials, which will release the demand for electric vehicles and power batteries and convert it into actual output, further stimulating the demand for lithium. The industry has gradually shifted from a balanced supply and demand to a tight supply situation. Under the dual stimulation of the relatively tight supply of lithium compounds and the rising industry demand, the prices of lithium compounds have continued to rise since 2021. As a leading enterprise in the lithium compound deep-processing business, the Company, capitalizing on its first-mover advantages, continues to enhance its competitiveness and further cements and improves its industrial position.

In 2021, lithium hydroxide became the main driving force for the growth of lithium compounds because of the rapid development of high-nickel ternary battery. According to the research report of Minmetals Securities, in 2021, the global demand of lithium hydroxide monohydrate amounted to approximately 200,000 tonnes, of which demand from lithium-ion battery was approximately 175,000 tonnes.

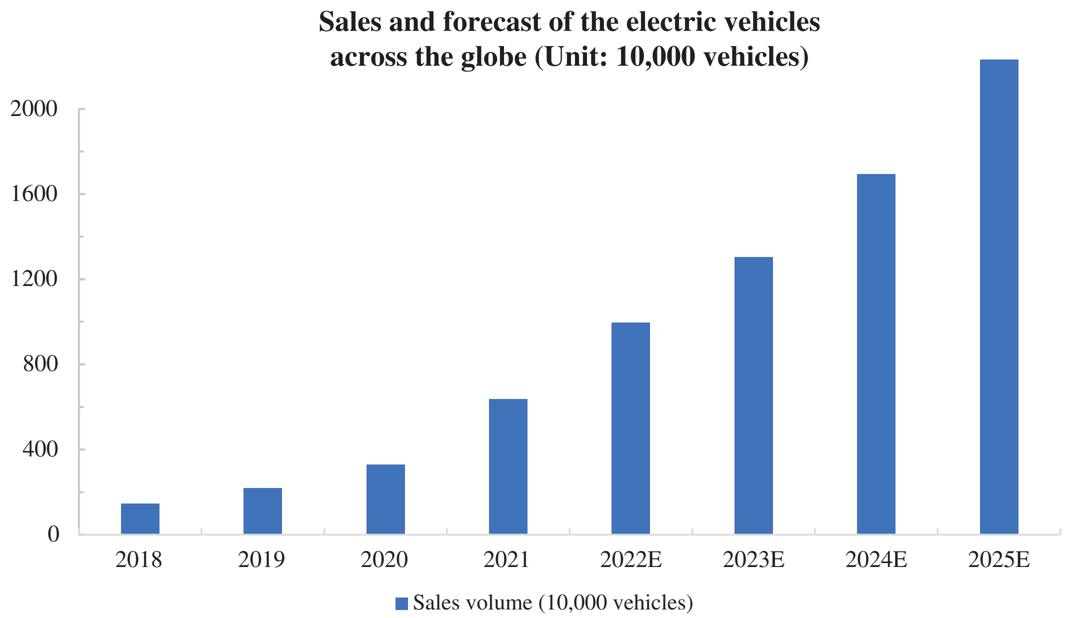
It is estimated that the total demand for lithium hydroxide will increase significantly to 704,000 tonnes throughout the world in 2025, representing a CAGR of approximately 37% from 2021 to 2025. The supply of lithium hydroxide in global market was relatively concentrated in 2021, which is shown as follows in accordance with the proportion of capacity and output:



Source: Minmetals Securities Institute

3. *Analysis of the electric vehicle market*

According to the statistics of the "Global Power Battery Installed Capacity Database" released by Gaogong Industry Research Institute (GGII), the sales of new energy vehicles in 2021 amounted to approximately 6.37 million across the globe, representing a year-on-year increase of 100%. With the stimulus policies, the technological progress in the industry, the improvement of supporting facilities and the increase of market recognition in various countries across the globe, the sales of new energy vehicles are expected to maintain a positive development trend. According to the prediction of Minmetals Securities Institute, the sales of the electric vehicles across the globe will be 22.315 million by 2025, representing a CAGR of 30.8% as compared with the expected sales of 9.974 million vehicles in 2022. Specific movements are shown in the following table:



Source: Gaogong Industry Research Institute (GGII) and Minmetals Securities Institute

As at the end of the Reporting Period, the electrification schemes of some of automobile enterprises are summarized as follows:

Enterprise	Vehicle model plans
Volkswagen	The various brands within the Group will launch more than 80 new electric vehicle models by 2025, including more than 30 pure electric vehicle models, with a 20-30% share of the global passenger vehicle market in sales of pure electric vehicles
Daimler	All vehicle models will be available in pure electric version by 2025
BMW	25 electric vehicles will be launched by 2023, in particular, 12 BEVs and 13 PHEVs
General Motors	At least 30 electric vehicles will be launched by 2025, covering all global brands including Cadillac, Buick, Chevrolet and GMC
Audi	The number of electric vehicle models will be increased to 30 models by 2025, 20 of which will be pure electric vehicle models
Hyundai	The number of new energy vehicle models within the Group will be increased to 44 models by 2025, 23 of which will be pure electric vehicles

Source: the websites of various automobile enterprises, insideevs, D1EV, Tianfeng Securities Institute

Under the backdrop of carbon emission reduction and development of new energy, the electric vehicle industry has embarked on a golden development period. According to the data released by the Ministry of Industry and Information Technology, in 2021, the production and sales of new energy vehicles in the Chinese market amounted to 3.545 million vehicles and 3.521 million vehicles respectively, representing a year-on-year increase of 1.6 times, ranking first in the world for seven consecutive years, and among the 2021 top 20 global new energy brands in terms of sales volume, there are eight Chinese brands, with market penetration rate of 13.4%, representing a year-on-year increase of 8 percentage points. In terms of vehicle models, the production and sales of pure electric vehicles amounted to 2.942 million vehicles and 2.916 million vehicles, respectively, representing a year-on-year increase of 1.7 times and 1.6 times, respectively; the production and sales of plug-in hybrid electric vehicles amounted to 601,000 vehicles and 603,000 vehicles, respectively, representing a year-on-year increase of 1.3 times and 1.4 times, respectively; the production and sales of fuel battery vehicles both amounted to 2,000 vehicles, respectively, representing a year-on-year increase of 48.7% and 35.0%, respectively.

In 2021, the trend of new energy vehicles strongly differentiated from that of traditional fuel vehicles, reflecting the partial substitution effect of new energy vehicles on the fuel vehicle market, proving the change in consumer demand through the market choice of users, and promoting the automobile market to accelerate the pace of transformation to new energy. Besides, electrification, networking and intelligence are the new technological revolution in the automobile industry. As the world's largest consumption market for new energy vehicles, China is ahead of the world in many aspects of new energy vehicles.

During the Reporting Period, the important domestic policies relating to the new energy vehicles are as follows:

Issuing authority	**Issuing time**	**Industrial policy**	**Descriptions**
State Council	February 2021	the Guidance on Accelerating the Establishment and Improvement of a Green and Low-carbon Cyclic Development Economic System	To promote the green and low-carbon transportation means, eliminate or renew old vehicles and vessels, prioritize the use of new energy or clean energy vehicles for port and airport service buses, urban logistics and distribution, postal express delivery, etc., and strengthen the construction of supporting infrastructure for the battery charging and replacement of new energy vehicle.
Ministry of Industry and Information Technology (MIIT)	March 2021	Key Points of 2021 Industry and Information Technology Working Standard	To vigorously carry out the research and development of the standards of electric vehicles, charging and battery replacement system, fuel battery vehicles; to promote the research and development of standards for power storage battery recycling; to revise the guidelines or roadmaps for the construction of standard systems for electric vehicles and lithium-ion batteries in accordance with technological advances and industrial rapid development and the needs of integrated development.

Issuing authority	Issuing time	Industrial policy	Descriptions
28 departments including NDRC	March 2021	Implementation Plan to Accelerate the Cultivation of Newly Consumption	To meet the needs of new energy vehicles and delivery vehicles, improve the configuration and layout of charging power supplies and enhance the construction of charging stations. To encourage charging station operators to reduce charging service fees as appropriate.
Ministry of Ecology and Environment	May 2021	Guiding Opinions on Strengthening the Ecological and Environmental Protection in the Pilot Free Trade Zone and Promoting High-quality Development	To encourage the replacement of old vehicles and non-road mobile machineries with clean energy vehicles. To add or update vehicles in public transportation in logistics and distribution areas and encourage the use of new or clean energy vehicles. The pilot trade zones will accelerate the construction of charging infrastructure in transportation hubs and logistics parks, and improve the layout of vehicle natural gas filling stations and charging piles.
MIIT, Ministry of Science and Technology, Ministry of Ecology and Environment, Ministry of Commerce, State Administration for Market Regulation	August 2021	Administrative Measures for Subechelon Utilization of Power Storage for New Energy Vehicles	To encourage cascade utilization enterprises to cooperate with enterprises in the production of new energy vehicles and the recycling and dismantling of urgently scrapped vehicles, strengthen information sharing, use existing recycling channels, and efficiently recycle waste power batteries for cascade utilization
MIIT	October 2021	Guiding Opinions on Further Strengthening the Construction of the Safety System of New Energy Vehicles (draft)	The corresponding suppliers shall be re-evaluated in a timely manner for the recall due to product quality.

Under the backdrop of the State Council's vision to achieve "carbon peak" by 2030 and "carbon neutrality in 2060, the penetration rate target of new energy vehicle in 2025 is 20%. The Carbon Peak Action Plan before 2030 points out the penetration rate of new energy vehicle target in 2030 will be 40%, and new energy vehicle subsidies will be extended to 2022, decreasing by 30% as compared with 2021. With the gradual receding of subsidies, the relevant impact on the market is gradually fading. Vehicle enterprises have constantly launched market targeted competitive models. The demand of new energy vehicle market is expected to change from being driven by policy into being driven by supply, and further into an endogenous demand growth stage.

During the Reporting Period, the important foreign policies relating to the electric vehicles are as follows:

Issuing authority	Issuing time	Industrial policy	Descriptions
United States Senate Committee on Finance	May 2021	Clean Energy for America Act	The upper limit on the eligible vehicle tax credit will be raised to USD12,500 per vehicle, while the 200,000 tax relief limit will be relaxed with USD100 billion in purchase subsidies.
European Commission	July 2021	"Fit for 55"	It is proposed to reduce greenhouse gas emissions by at least 55% by 2030 compared with 1990, and strives to achieve "zero carbon emissions" of vehicles by 2035
Odisha Government, India	August 2021	Odisha Electric Vehicle Policy 2021	The maximum subsidy for a single electric vehicle is up to 15%, and loans to purchase electric vehicles will be provided with various interest subsidies or interest-free loans. The government will provide a 25% capital subsidy to selected energy operators to pay for the installation of these electric vehicle chargers, as well as a purchase subsidy of up to INR5,000 for charging equipment to install the first 20,000 private charging points.

Issuing authority	Issuing time	Industrial policy	Descriptions
US Congress	November 2021	Infrastructure Investment & Jobs Act (IIJA)	The project invests USD7.5 billion to build a national network of electric vehicle (EV) charging stations with high priority to rural areas, low- and middle-income community and community with high proportion of multi-unit housing. The Act also authorizes USD5 billion for the purchase of electric school buses and public transport buses, and USD3 billion to expand domestic battery manufacturing and recycling facilities and study the use of old electric vehicle batteries for grid storage, and for families, schools, and communities.
US House of Representatives	November 2021	Build-back-better Act	In terms of new energy vehicles, subsidies for a single electric vehicle will increase by maximum of 67%, and the scope and term of subsidies will be expanded. The maximum tax credit for electric vehicles will be raised from the current USD7,500/vehicle to USD12,500/vehicle (the total subsidy shall not exceed 50% of the purchased price of the vehicle), the subsidy sales limit of 200,000 vehicles will be lifted, and enterprises, such as Tesla and Ford, will continue to receive subsidies and increase the tax credit for two-wheel/tricycle. According to the version approved by the House of Representatives, all electric vehicles could enjoy the waiver by 2027, and only US-made vehicles could enjoy the waiver from 2027 to 2031, and the waiver would be gradually retreated from 2032.

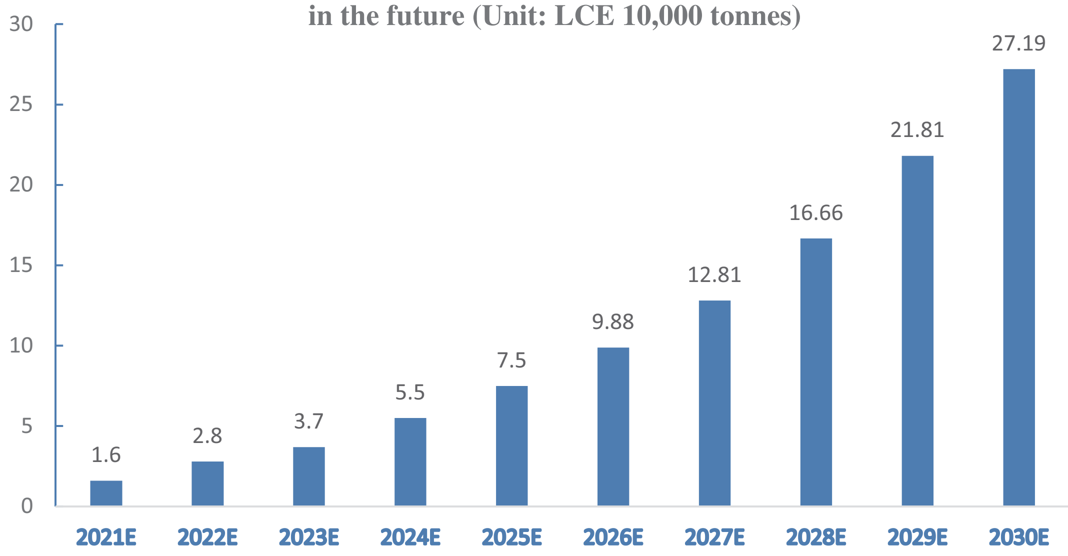
Source: Websites of governments

Development of electric vehicles will not be changed by the impact of short-term COVID-19 pandemic. It is estimated that the global electric electrification of automobile will accelerate in the near future, and domestic and foreign original equipment manufacturers of "OEM" will continue to produce high-quality electric vehicles. According to the forecast of Minmetals Securities, the sales of electric vehicles in China in 2022 will be 5.317 million and the global sales of electric vehicles will be 9.974 million. With the fading impact of the COVID-19 pandemic as well as the launch of electric models from OEM manufacturers in the world, the growing trend of manufacture end of electric vehicles will be robust, and the global electrification is expected to accelerate.

4. Market analysis of recycling of motive power batteries

As one of the key components of electric vehicles, motive power batteries have been widely used with the rapid development of the new energy vehicle industry, and motive power batteries will enter into a large-scale decommissioning period. It is urgent to carry out the recycling of motive power batteries, which has highlighted concerns from countries and societies. The New Energy Vehicle Industry Development Plan (2021-2035) proposes to improve the recycling system of motive power battery recycling, cascade utilization and recycling; strengthen the supervision of the whole life cycle of motive power batteries; support the innovative application of power battery cascade products in energy storage, energy preparation, charging and changing; and strengthen the research and development of residual energy detection, residual value evaluation, recombination and safety management. From the perspective of layout, the upstream and downstream enterprises of the industrial chain have actively carried out the recycling layout. With the approaching of the scrapped motive power batteries, it is of great significance and necessity to reasonably recycle the waste power batteries. From the perspective of application, the retired power batteries have great application potential in energy storage and low-speed electric vehicles. According to Essence Securities, it is estimated that the total lithium recovery of retired power batteries will reach 75,000 tonnes LCE in 2025 and the total lithium recovery of retired power batteries will reach 279,000 tonnes LCE in 2030.

Total Estimated Size of Recycled Lithium of Retired Motive Power Batteries in the future (Unit: LCE 10,000 tonnes)



Source: Essence Securities

BU1SINESS REVIEW

The Group has built the most comprehensive lithium industry value chain in the world, covering the important sectors of the lithium industry from upstream to downstream, including (1) extraction of upstream lithium resources; (2) deep processing of lithium compounds; (3) production of lithium metals; (4) production of lithium batteries; and (5) reclaiming and recycling lithium. During the Reporting Period, the revenue of the Group increased from RMB5,488,624,000 in 2020 to RMB11,043,007,000 in 2021, representing a growth rate of 101.2%; its gross profit increased from RMB1,161,644,000 to RMB4,357,069,000, representing a growth rate of 275.1%. The profit for the year attributable to owners of the parent company increased from RMB1,025,309,000 in 2020 to RMB5,225,922,000 in 2021, representing a growth rate of 409.7%. The total assets of the Group increased from RMB22,020,374,000 in 2020 to RMB39,056,651,000 in 2021, representing a growth rate of 77.4%; and its net assets increased from RMB13,418,405,000 in 2020 to RMB26,166,700,000 in 2021, representing a growth rate of 95.0%.

1. Products and capacity

In order to satisfy fast growing demands for lithium products in the market, the Company further expanded its production capacity by conducting technical transformation of the existing production lines and building new production lines. The expansion of production capacity will help expand the Company's global market share to meet the growing demand of customers for the Company's products.

Production capacity of major products:

Major products	Designed production capacity	Effective production capacity	Utilization rate of production capacity	Production capacities under construction	Investment and construction status
Lithium carbonate	43,000 ton/year	28,000 ton/year	68.79%	Cauchari-Olaroz lithium salt lake project in Argentina	Under construction
Lithium hydroxide	81,000 ton/year	70,000 ton/year	87.98%	Sonora lithium clay project	Under construction
Lithium metal	2,150 ton/year	2,150 ton/year	96.92%	Nil	Nil

Product categories of the major production bases:

Lithium Compound and Lithium Metal Production Base	Location	Primary Products	Chemical industrial park	Year of Production Commencement
Fengxin Ganfeng	Fengxin, Jiangxi	Lithium Metal	Fengtian industrial park	2011
Yichun Ganfeng	Yichun, Jiangxi	Lithium Metal	Yichun industrial park	2013
Basic Lithium Plant	Xinyu, Jiangxi	Lithium carbonate, lithium hydroxide, lithium chloride and butyl lithium	Xinyu hightech zone	2014
Ningdu Ganfeng	Ningdu, Jiangxi	Lithium carbonate	Ningdu industrial park	2018
Cauchari-Olaroz	Argentina	Lithium carbonate	–	Under construction
Mariana	Argentina	Lithium chloride	–	Under construction
Sonora	Mexico	Lithium chloride	–	Under construction

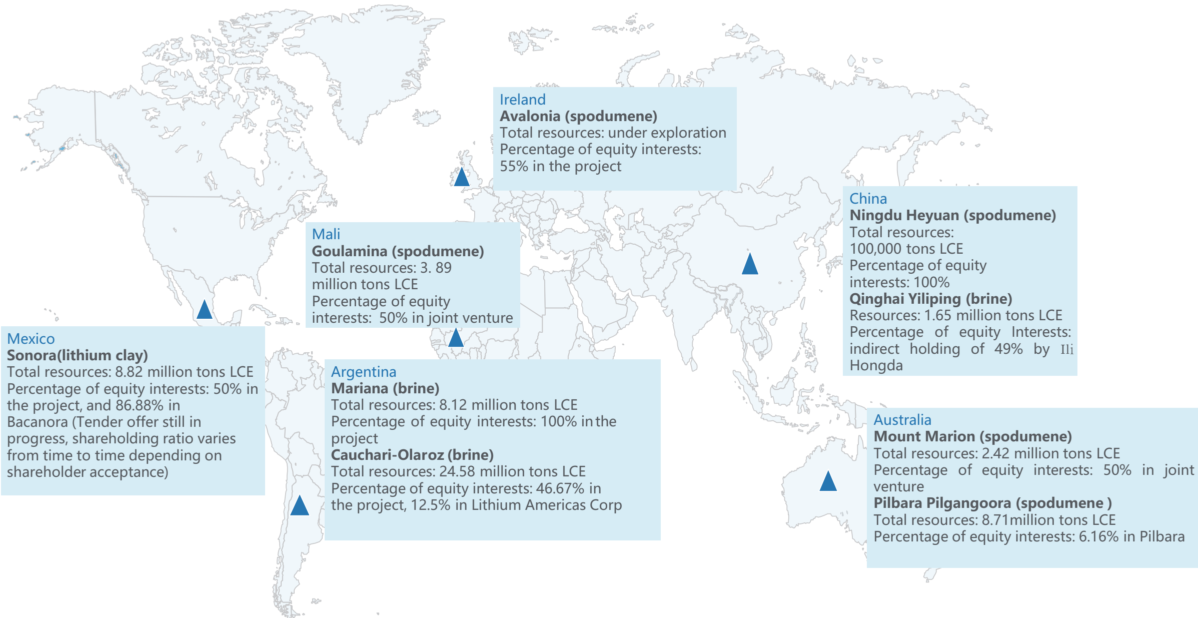
Lithium Battery Production Base	Location	Primary Products	Year of Production Commencement
Dongguan Ganfeng	Dongguan, Guangdong	Polymer lithium battery	2016
Ganfeng LiEnergy	Xinyu, Jiangxi	Lithium-ion motive power batteries, energy storage batteries	2016
Ganfeng Electronics	Xinyu, Jiangxi	Polymer lithium battery specially designed for smart wearable products, TWS wireless bluetooth headset battery	2018
Jiangsu Ganfeng	Suzhou, Jiangsu	Power and energy storage battery pack, battery management system	2019
Huizhou Ganfeng	Huizhou, Guangdong	Polymer lithium battery, TWS wireless bluetooth headset battery	Under construction
Zhejiang Fengli	Xinyu, Jiangxi	First-generation solid-state lithium battery	2021

Lithium Battery Recycling Production Base	Location	Primary Products	Chemical industrial park	Year of Production Commencement
Ganfeng Recycling	Xinyu, Jiangxi	lithium recycling solution, NCM precursor	Gaoxin district, Xinyu City	2017

2. *Lithium resources*

During the Reporting Period, the Group continued to acquire upstream highquality lithium resources globally, enriched and broadened the diversified supply of raw materials on a continuous basis, including the tender offer for Bacanora and the acquisition of its control, the acquisition of 100% of of the interest in Ili Hongda and the indirect holding of 49% of the Qinghai Yiliping Salt Lake Project and the acquisition of 50% equity of the Goulamina spodumene mine project in Mali, proactively exploring diversified supply of lithium resources. For details of the relevant transactions, please refer to the section headed "OTHER MATTERS - Significant Equity Acquisitions During the Reporting Period".

Upstream lithium resources that the Group has direct or indirect interests across the globe as at the end of the Reporting Period are shown as follows:



Notes:

1) *Total resource is the sum of measured resource, indicated resource and inferred resource. LCE data of total resources is converted through lithium oxide resources contained in the projects.*

2) *The LCE data for the Qinghai Yiliping Project are converted from the lithium chloride data contained in the total porosity resource reserve.*

(1) Mount Marion mine, the production capacity of which is lithium concentrate 450,000-480,000 tons per annum, is one of the main sources of lithium raw materials of the Group currently. Mount Marion plans to carry out a technical upgrade to improve capacity in the second half of 2022, which is expected to increase annual production capacity by 20-30% upon completion.

(2) Cauchari-Olaroz is a lithium salt lake located in Jujuy Province in Northwest Argentina. As at the end of the Reporting Period, the Group directly held 46.67% equity interests in Cauchari-Olaroz project and has control over the project. With total lithium resource of approximately 24.58 million tons LCE, Cauchari-Olaroz project is one of the largest projects extracting lithium from salt lakes, which is currently planned to produce 40,000 tons of lithium carbonate per annum in Phase I and no less than 20,000 tons of LCE in Phase II. The Group has entered into an offtaking agreement to secure the exclusive offtaking rights to 76% of the products from the Cauchari-Olaroz project. To expedite the construction of the Cauchari-Olaroz Salt Lake project in Argentina, the Group has arranged for technical experts to travel to Argentina in batches to support the construction of the project to ensure that the project will be put into production in 2022.

(3) Mariana is a lithium-potassium salt lake located in Salta Province, Argentina. According to a technical report issued by Golder Associates Consulting Ltd., the total lithium resources at the Mariana lithium salt lakes project amounted to approximately 8.12 million tons LCE. In 2021, the Group further increased its shareholding in Mariana and achieved 100% ownership. The Mariana lithium salt lakes project has been approved by the Argentine provincial government of Salta for an environmental impact report and the construction of a 20,000 tons per annum lithium chloride plant commenced.

(4) Sonora project, a project extracting lithium from lithium clay in Mexico, is jointly held by the Group and Bacanora. As at the end of the Reporting Period, the Group held 50% equity interests in Sonora project, and 86.88% equity interests in Bacanora, and the tender offer in Bacanora it still in progress. According to the latest flexibility study report of Sonora project, the project is one of the largest lithium resources projects in the world currently with a total lithium resources amounts to approximately 8.82 million tonnes. By virtue of its unique advantages in lithium clay resources, the project is characterized by both the advantages of extracting lithium from ore and salt lake in its process of lithium extraction, so it can not only finish lithium extraction at the speed of extracting lithium from ore within a short time, but also complete lithium extraction with relatively low cost similar to that needed in lithium extraction from brine. At present, the project is still under construction.

(5) Located 120 kilometers from Port Hedland in Western Australia, Pilbara Pilgangoora Lithium-Tantalum project is one of the largest spodumene ore mines in the world. The Pilgangoora Lithium-Tantalum project has a lithium resource of approximately 8.71 million tons LCE, with an average lithium grade of 1.14%. At present, the project is wholly owned by Pilbara. As at the end of the Reporting Period, the Group holds 6.16% equity interests in Pilbara.

(6) Ningdu Heyuan mine is located in Ningdu County, Ganzhou City, Jiangxi Province. It is operated and mined by the Group independently. Ningdu Heyuan mine has a lithium resource of approximately 0.1 million tons LCE, with an average lithium oxide grade of 1.03%.

(7) Avalonia is a spodumene ore mine in Ireland. As at the end of the Reporting Period, the Group holds 55% equity interests in it. Avalonia is currently at a preliminary stage of exploration, so it is impossible to estimate its lithium resource.

(8) The Qinghai Yiliping lithium salt lake project is located in the Lenghu Administrative Committee of Haixi Mongol and Tibetan Autonomous Prefecture, Qinghai Province, with a mine area of 422.72 square kilometres and a total porosity resource reserve of 984,803,900 cubic metres of brine, containing 1,897,000 tons of lithium chloride and 18,658,700 tons of potassium chloride. The total feedwater resource reserve of 469,199,200 cubic metres of brine, containing 920,740 tonnes of lithium chloride and 9,003,600 tons of potassium chloride. The Group indirectly holds a 49% interest in the project through its Ili Hongda, and the project currently has an annual production capacity of 10,000 tons of lithium carbonate.

(9) The Goulamina spodumene ore project is located in southern Mali, Africa and covers an area of 100 square kilometres with a total explored ore resource of 108.5 million tons, corresponding to a total lithium resource of approximately 3.89 million tons LCE, at an average lithium oxide grade of 1.45%, which is one of the highest lithium oxide grades projects in the world. The project is currently planned to have a production capacity of 500,000 tons of lithium concentrate in Phase I, with a potential expansion to 800,000 tons of lithium concentrate in Phase II. As at the end of the Reporting Period, the Group's acquisition of the project was still in progress and the Group would indirectly hold 50% equity interest in the project upon completion of the acquisition process.

At the end of the Reporting Period, offtaking of lithium resources and lithium products produced through lithium resources projects signed by the Group across the globe are as follows:

Type of resources	**Project name**	**Current offtaking situation**	**Project progress**
Spodumene	Mount Marion	The Group offtook 49% of Mount Marion's total lithium concentrate production and PMI offtook 51%, and both parties agreed that the Group would process and sell the PMI offtaking portion of the spodumene.	Under operation
	Pilbara Pilgangoora	Project phase I supplies the Company with no more than 160,000 tons of 6% lithium concentrate per annum; project phase II will supply the Group with no more than 150,000 tons of lithium concentrate per annum after it completes construction and puts into production.	Project phase I is under operation, project II is under construction

Type of resources	Project name	Current offtaking situation	Project progress
	Manono	The Group has secured the offtaking right for an initial period of 5 years, with the option to extend for a further 5 years depending on the Group's own demand. From the third year onwards, the annual supply of 6% of lithium concentrate to the Group will increase to 160,000 tons	Under construction
	Finniss	The Group offtakes at least 75,000 tonnes of lithium concentrate per annum	Under construction
	Goulamina	The Goup's offtaking ratio is 50% of the project's output and may increase to 100% when certain conditions are met	Under construction
Brine	Cauchari-Olaroz	The Group has secured the offtaking rights to 76% of the products from the project phase I, which has a planned annual battery-grade lithium carbonate production capacity of 40,000 tons.	Under construction
	Mariana	Offtaking products based on proportion of equity interests in the project	Under construction
Lithium clay	Sonora	The Group offtakes 50% lithium products produced in project phase I, and is entitled to increase lithium products offtaken to 75% in project phase II	Under construction

3. *Lithium battery and lithium battery recycling businesses*

The Group's lithium battery business has been distributed to the technical direction of consumer batteries, TWS batteries, power/energy storage batteries and solid-state batteries and other fields, with each focusing on their respective segment market. In order to accelerate the development of lithium battery segment, the Group completed capital increase and share expansion in 2021,and introduced more than 20 strategic investors. During the Reporting Period, details of each battery segment are as follows:

Consumer batteries: Dongguan Ganfeng's full-automation lithium polymer battery production line with an annual output of 30 million pieces was put into operation, the 3C consumer lithium battery products were produced smoothly and the product structure was continuously optimized, which significantly improved the customer recognition. In 2021, Ganfeng LiEnergy invested to establish Huizhou Ganfeng to construct a research and development centre for high performance polymer lithium-ion batteries and a construction base for the research and development and production of high-end polymer lithium batteries. In 2021, Ganfeng LiEnergy acquired 100% equity interest in Guangdong Huichuang to continuously expand the Group's lithium business and enhance its core competitiveness.

TWS batteries: In 2018, Xinyu Ganfeng Electronics launched the layout of TWS wireless blue-tooth headsets batteries, and currently the full-automation production line of TWS batteries recorded a daily output of 400,000 pieces. The Group's TWS batteries are widely used in smart bracelets, Bluetooth headsets, smart glasses, smart clothing and other wearable and intelligent devices, and have obtained a number of national patents. The Company's TWS batteries adopt the design of the hard and soft shell clasping one another up and down, which has improved the impermeability of batteries and significantly reduced the risk of leakage and electromagnetic interference. The TWS batteries are of higher security and applicability than products from other competitors in market. With high-quality products and a well-established patent system, the Group's TWS batteries have gained general recognition of the market, and have now entered the supply system of several electronic products customers.

Power/energy storage batteries: In 2021, Ganfeng LiEnergy invested in a new lithium battery project with an annual production capacity of 15 GWh in Xinyu, Jiangxi and Liangjiang New District, Chongqing, of which the new lithium battery project in Xinyu, Jiangxi was put into production in January 2022. Ganfeng LiEnergy expanded its production capacity of power and storage batteries and continued to increase its market share.

Solid-state batteries: Zhejiang Ganfeng, a wholly-owned subsidiary of Ganfeng LiEnergy focuses on the research and development and marketing of solid-state lithium batteries with high energy density and high safety performance. Zhejiang Ganfeng has more than 150 domestic, 5 international patents and nearly 80 authorized patents in the field of solid-state batteries and related materials, ranking forefront in the field of solid-state batteries in China. Solid-state lithium battery is the priority in the future development of Ganfeng LiEnergy's motive power battery business segment. The Group invested in and constructed a pilot production line with three hundred MWH capacity per year for the first-generation solidstate lithium battery, which accelerated the progress of the commercialization of solid-state lithium battery technology. The first-generation mixed solid-liquid electrolyte battery products developed by Zhejiang Ganfeng have been put into application. The second-generation solid-state lithium battery adopts ternary cathode, solid-state diaphragm and metal-containing lithium cathode materials. In 2021, the first batch of Dongfeng E70 electric vehicles equipped with Ganfeng solid-state batteries were officially delivered, and Ganfeng took the lead in the industrialization of solid-state lithium batteries and realized the first installation and operation with Dongfeng, which is of great significance to promote the further development of China's lithium battery industry.

The retired lithium battery recycling: The Group enhanced the industrialization technology level and competitive advantages by expanding the capacity of its retired lithium battery recycling business and developing new processes and technologies for comprehensive recycling of the retired batteries. The recycling technology was included in the second list of Industry Standard Conditions for the Comprehensive Utilization of Waste Power Storage Batteries of New Energy Vehicles (《新能源汽車廢舊動力蓄電池綜合利用行業規範條件》) by the MIIT. In 2021, the recycling technology has built the largest green recycling system for retired lithium batteries in China, with a recycling and disposal capability of 34,000 tons/year of retired lithium battery dismantling and comprehensive metal recycling, ranking first in the domestic market share of retired iron phosphate lithium battery recycling, and among top three in the domestic market share of retired ternary lithium battery recycling.

4. *Technology and R&D*

The Group is a technology leader in the global lithium industry and is one of the founding members of the Lithium Industry Branch of China Nonferrous Metals Industry Association and of the Lithium Industry Branch of China Inorganic Salt Association. The Group has the scientific research platforms such as National Enterprise Technology Center, National and Local United Engineering Research Center, National Post-doctoral Research Station, Academic Station, Jiangxi Provincial Lithium New Material Engineering Research Center, Key Laboratory of Jiangxi Province, Industrial Design Centre of Jiangxi Province. The Group has been awarded as a national demonstration enterprise of technological innovation, a national demonstration enterprise of intellectual property rights, a national pilot enterprise of integration of two industries, a national pilot enterprise of integration of two industries in advanced manufacturing and modern services, and a national green factory. The Group presided over (participated in) the drafting of 24 national (industry) standards; applied for 725 national patents, including 379 invention patents and 349 utility model patents, and was granted 365 patents, including 113 inventions and 252 utility models; undertook more than 40 provincial-level projects, such as the National 863 Project, National Key Research and Development Projects and Jiangxi Province Major Science and Technology Projects, and won 18 provincial-level science and technology awards, including one first-class award for scientific and technological progress in Jiangxi Province, two first-class awards for scientific and technological progress in China Nonferrous Metals Association, and three second-class awards for provincial technological inventions.

During the Reporting Period, the Group applied for a total of 225 national patents, and was authorized 98 national patents, including 37 national invention patents and 61 utility model patents.

Particulars of the production technology of the major products:

Major products	Stage of the production technology	Core technical personnel	Proprietary technology	Product R&D advantages
Lithium salt, lithium hydroxide	Mature technology	National expert service base, 668 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 1 National Innovative Talent; 8 provincial-level talents; 87 PhD and masters; 11 senior staff and 28 associate staff.	The technology relates to a method for extracting lithium salt from spodumene, a method for preparing lithium hydroxide monohydrate by extracting lithium from spodumene, and a method for extracting lithium salt from spodumene by sodium carbonate pressure leaching	It has built one of the largest demonstrations bases for extracting lithium from ore in China, extending the industrial chain of ore lithium extraction to the upstream to guarantee the Company's lithium raw materials
Lithium metal and Lithium products	Mature technology	National expert service base, 668 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 1 National Innovative Talent; 8 provincial-level talents; 87 PhD and masters; 11 senior staff and 28 associate staff.	A vacuum distillation method for purification of lithium metal, a vacuum distillation device for purification of lithium metal, a device for automatic shearing lithium metal particles, a device for shearing special-shaped lithium metal particles, a method for preparing high sodium metal lithium by recycling lithium sodium alloy and a high sodium metal lithium prepared by this method, a head cutting device for lithium metal ingot, a lithium metal ingot mold, and a diversion device for casting lithium metal and an air intake device for a glove box purification tank for casting lithium metal	It has achieved the effect of reducing production energy consumption and saving cost improving labor productivity and product quality

Major products	Stage of the production technology	Core technical personnel	Proprietary technology	Product R&D advantages
Lithium belt	Mature technology	National expert service base, 668 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 1 National Innovative Talent; 8 provincial-level talents; 87 PhD and masters; 11 senior staff and 28 associate staff.	A lithium metal belt production device, lithium metal belt extrusion device and a lithium metal belt extrusion device	It has realized the goal of industrial production of ultra thin lithium belt with thickness less than 0.1 mm to enhance the added value and market competitiveness of lithium products
Lithium chloride	Mature technology	National expert service base, 668 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 1 National Innovative Talent; 8 provincial-level talents; 87 PhD and masters; 11 senior staff and 28 associate staff.	A method for producing anhydrous lithium chloride for electrolysis by recycling lithium from pharmaceutical wastewater containing lithium, a method for preparing lithium salt by recycling waste containing lithium fluoride	It has become the first domestic enterprise that recycles lithium containing recyclables generated by customers

Response to the COVID-19 pandemic

During the Reporting Period, the COVID-19 pandemic brought along an impact on the Group's business performance and the development of the lithium industry. Since the outbreak of the COVID-19 pandemic, the Group has paid close attention to the development of the COVID-19 pandemic, actively engaged in COVID-19 pandemic prevention and control, and actively organized the resumption of work and production on the premise of ensuring the health and safety of its employees. In response to the ongoing COVID-19 pandemic, the Group took a number of timely precautionary measures and procured the necessary protective products to ensure the health and safety of our employees worldwide. At the same time, the Group implemented various flexible working arrangements for employees and strictly enforced the preventive and control measures implemented by the government. The Group has tried its best to fulfil the orders from customers for products such as lithium compounds, lithium metal, and lithium batteries, and will continue to do our utmost to minimise the adverse impact of the COVID-19 pandemic on the Group. Since 2021, the Group has closely monitored the development of the COVID-19 pandemic to ensure staff safety and operational stability. The Group will adjust its measures and plans for COVID-19 pandemic prevention, operations and business development accordingly as and when appropriate.

OUTLOOK

1. Consolidate the advantages and continue to acquire upstream lithium resources globally

Securing high-quality and stable lithium resources is fundamental to the long-term sustainable growth of our business. The Company adheres to the aim of globalizing the layout of its resources, and will continuously expand its current lithium resources portfolio through further exploration, and develop different types of lithium resources such as hard rock lithium, brine and lithium clay by leveraging the Company's technological strengths. The Company will proactively advance the development and construction of the Cauchari-Olaroz lithium salt lake project in Argentina that is scheduled for trial production in 2022. During the Reporting Period, the Mariana lithium salt lake project in Argentina was successfully approved by Argentine provincial government of Salta for an Environmental Impact Report and the construction of the project commenced. Meanwhile, the Company will further accelerate the construction of the Mexico Sonora lithium clay project in 2022, endeavored to make it a leading project in the field of extraction of lithium from lithium clay across the globe. In terms of spodumene resources, the Company will continue to focus on quality spodumene projects around the world and work actively with its partners to ensure smooth production operations and capacity building at the Mount Marion project in Australia, Pilgangoora project in Australia and Goulamina project in Mali, Africa. The Company will continue to actively explore the possibility of acquiring further sources of lithium by virtue of its experience in the industry value chain and its insights into the market trends in order to enrich the core portfolio of high quality lithium resources and provide reliable and high-quality supply of lithium resources for further enhancement of midstream and downstream operations.

2. Expand the production capacity of treatment and processing facilities

The Company has planned for a series of capacity expansions of its manufacturing facilities to satisfy the growing demand for lithium and solidify its leading position in the lithium products industry. The Company's lithium projects currently in the pipeline and under construction are as follows:

Project	Location	Capacity planning
Cauchari-Olaroz lithium salt lake project	Jujuy Province, Argentina	Phase I production capacity of 40,000 tons of lithium carbonate, and Phase II expansion capacity of not less than 20,000 tons of lithium carbonate equivalent
Mariana lithium salt lake project	Salta Province, Argentina	Phase I production capacity of 20,000 tons of lithium chloride
Sonoralithium clay project	Sonora Province, Mexico	Phase I production capacity of 50,000 tons of lithium hydroxide

Project	Location	Capacity planning
50,000 tons per annum of lithium new energy materials project	Fengcheng City, Jiangxi Province, China	Form an annual production capacity of 50,000 tons of lithium carbonate equivalent, which will be built in two phases, with an annual production capacity of 25,000 tons of lithium hydroxide in the phase I
7,000 tonnes per annum of lithium metal and lithium project	Yichun, Jiangxi Province, China	Investment in the construction of 7,000 tonnes per annum of lithium metal and lithium project in phases, with new lines of lithium metal molten salt electrolysis, vacuum distillation for purification of lithium metal, lithium series alloys and solid-state lithium battery cathode materials

Note: The above capacity production plans include the Company's existing sole proprietorship and joint venture projects

Given the current rapid growth in demand for lithium products, the Company plans to accelerate the capacity expansion of its lithium compound and lithium resource projects to produce a total of 300,000 tons LCE per annum by 2025, which will include lithium extracted from ore, lithium extracted from brine and clay. The Company is optimistic about the long-term development of the global lithium market. In the future, and will form a lithium salt supply capacity of no less than 600,000 tonnes LCE and a more competitive lithium resource project reserve to match it.

3. Develop lithium battery business

The Company intends to further develop and upgrade the existing lithium battery production and carry out the technological research and development and commercialization in relation to a new generation of solid-state lithium battery for the sake of future growth. In the future, the Company will further expand production capacity and output for consumer batteries, power and energy storage batteries, and TWS wireless Bluetooth headset batteries, and continue to accumulate market reputation with superior quality. The Company is a global technology leader in the field of solid-state batteries and is committed to building the most creative lithium intelligent new energy that enables to provide customers with high safety, long life, high cost performance system solutions and quality services, and endeavor to become the first tier of the global lithium battery industry, leading a new era of lithium battery technology innovation. The lithium battery projects currently under planning and construction by Ganfeng LiEnergy, a controlled subsidiary of the Company, are as follows:

Project	Location	Project description
High-end polymer lithium battery R&D and production and construction base	Huizhou, Guangdong province	Construct a high-end polymer lithium battery R&D and production base, and carry out high-end polymer lithium battery R&D and production
New lithium battery project with production capacity of 5GWh per annum	Xinyu, Jiangxi province	Construct a 5GWh lithium battery production and manufacturing base, new power-related battery production, battery research and development, product analysis and testing, staff living facilities, etc.
Technology park and advanced battery research institute project for new lithium battery project with production capacity of 10GWh per annum	Liangjiang new district, City	Construct a 10GWh lithium battery production and manufacturing base, Ganfeng LiEnergy set up an advanced battery research institute in Chongqing after Ganfeng LiEnergy or its holding company reached cooperation with new energy vehicle enterprises in Chongqing, to provide technical support for the technological update and product iteration of various solid-state batteries, as well as to carry out joint research and development of application technologies with automobiles, consumer electronics and other downstream customers.

4. **Develop lithium battery recycling business**

With increasing demand for retired battery management growing in tandem with the use of automobiles and consumer electronics, the Company's lithium battery recycling business has promising growth potential, and enables us to further enrich our lithium raw material sources. Furthermore, the Company's ability to recycle lithium batteries offers a sustainable value-added solution to battery manufacturers and electric vehicle manufacturers, which help strengthen our close ties with such customers, expand the scale of battery recycling and improve the technologies of our battery recycling business. To promote sustainability and create additional revenue sources, the Company aims to leverage the growing number of retired lithium batteries and become one of the leading players in lithium battery recycling area across the globe. In the future plan, the Company will build a large comprehensive facility that is capable of recycling 100,000 tons of retired lithium batteries each year. The Company continues to expand downstream by expanding the production capacity of our lithium battery recycling business and developing a specialty in recycling and reusing retired batteries.

5. **Further enhance research and development and innovation capabilities**

Committed to technological research and development, the Company will capitalize on the advantages of National Post-doctoral Research Station, National Enterprise Technology Center, National Engineering Research Center, Academic Station and other research and development platform to establish long-term cooperative relationships with domestic and overseas colleges and universities as well as scientific academies for joint development of new products, technologies and processes and the cooperation with research institutions to further improve its innovation capability. The Company will further improve its lithium extraction methods and high purity lithium processing techniques, so as to maintain its technological edge in the global lithium industry. Our research and development efforts include:

- Development and production of solid electrolytes and anodes for solidstate lithium batteries, and research and development on solid-state lithium batteries;

- Secondary utilization and recycling of lithium batteries;

- Improvement of production techniques and levelling up automation for existing products;

- Customized process and extraction method for lithium raw materials from different types of salt lake brines and lithium clay;

- Production of lithium motive power batteries and energy storage batteries.

6. Develop into a supplier of integrated solutions to deepen customer relationships

The Company is positioned as a total solutions provider to accentuate its role in the development and production process, and deepens its cooperative relationships with customers by forming strategic alliances with its customers, facilitating more frequent communications and providing more comprehensive services. As a vertically integrated supplier, the Company aims to leverage the synergies among different business segments and to provide customers with total solutions through the industry value chain, including securing stable supply of lithium raw materials, providing high quality lithium compounds, supplying advanced lithium batteries, and offering lithium battery recycling service, which help customers to optimize production costs, shorten production cycle, realize speed to market and promote sustainability. By deepening its relationships with its blue-chip customers, the Company integrates its products and services into the principal business of its customers, so as to enhance the benefits contributed to its customers.

7. Enhance capabilities in business operation and management

- Optimize comprehensive quality monitoring measures, intensify on-site management, and promote compliance of working safety rules;

- Nurture management personnel, replenish personnel reserve with technologically-adept and veteran employees, and enhance technical training for employees;

- Solidify marketing, logistics and sales service systems so as to coordinate production, warehousing and distribution, optimize logistics, reduce transportation costs, improve the ability to respond to the requests of customers and level up efficiency and service standards;

- Protect resources and reduce carbon emission so as to achieve sustainable growth.

FINANCIAL REVIEW

1. Overview

During the Reporting Period, the revenue of the Group amounted to RMB11,043,007,000, representing an increase of RMB5,554,383,000 as compared to RMB5,488,624,000 in 2020; its gross profit amounted to RMB4,357,069,000, representing an increase of RMB3,195,425,000 as compared to RMB1,161,644,000 in 2020. The basic earnings per share of the Group amounted to RMB3.73. Major financial indicators of the Group are set out as below:

	2021	2020	Change *(percentage)*
Profitability indicator			
Net profit margin on sales	**49.0%**	19.4%	29.6%
Return on investment indicator			
Return on weighted average net assets	**17.3%**	4.3%	13.0%

During the Reporting Period, the profit attributable to the owners of the parent for the year amounted to RMB5,225,922,000 representing an increase of RMB4,200,613,000 or 409.7% as compared to RMB1,025,309,000 in 2020, which was mainly due to the increase of the Company's operating income, the decrease of operating cost and gains from fluctuations in the fair value of financial assets held by the Company brought about increase in other gains during the Reporting Period.

2. Analysis of revenue and cost

During the Reporting Period, the revenue of the Group was generated from the sales of lithium compounds, lithium metals, lithium batteries and other products. Total revenue increased by RMB5,554,383,000 from RMB5,488,624,000 in 2020 to RMB11,043,007,000 in 2021, which was mainly due to the rise in product sales prices and the continuous increase in sales of lithium hydroxide, lithium carbonate, batteries, cells and other products as a result of changes in market conditions during the Reporting Period.

1) Analysis of principal businesses by products and regions

The following table sets forth analysis of the revenue by products and by sale regions, expressed in absolute amounts and as percentages of total revenue, for the years indicated.

By products:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	RMB'000	*%*	*RMB'000*	*%*
Lithium compound and lithium metal	**8,225,488**	**74.4**	3,853,889	70.2
Lithium battery	**2,004,705**	**18.2**	1,267,275	23.1
Others(1)	**812,814**	**7.4**	367,460	6.7
Total	**11,043,007**	**100**	5,488,624	100

Note (1): Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products

By sales regions:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	RMB'000	*%*	*RMB'000*	*%*
Mainland China	**8,641,794**	**78.3**	4,058,537	73.9
Overseas	**2,401,213**	**21.7**	1,430,087	26.1
Total	**11,043,007**	**100**	5,488,624	100

2) Analysis of operating cost by products

By products:

	For the year ended 31 December 2021 ***RMB'000***	***%***	For the year ended 31 December 2020 *RMB'000*	*%*
Lithium compound and lithium metal	**4,321,356**	**64.6**	2,965,503	68.6
Lithium battery	**1,775,341**	**26.6**	1,061,358	24.5
Others[(1)]	**589,241**	**8.8**	300,119	6.9
Total	**6,685,938**	**100**	4,326,980	100

Note (1): Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products

By sale regions:

	For the year ended 31 December 2021 ***RMB'000***	***%***	For the year ended 31 December 2020 *RMB'000*	*%*
Mainland China	**4,914,888**	**73.5**	3,251,862	75.2
Overseas	**1,771,050**	**26.5**	1,075,118	24.8
Total	**6,685,938**	**100.00**	4,326,980	100

Cost by nature: ：

	For the year ended 31 December 2021 ***RMB'000***	***%***	For the year ended 31 December 2020 *RMB'000*	*%*
Raw materials consumed and sold	**5,240,411**	**78.4**	3,461,039	79.9
Payroll	**408,732**	**6.1**	255,932	5.9
Depreciation and amortization expenses	**273,522**	**4.1**	214,730	5.0
Fuel and power	**621,110**	**9.3**	300,796	7.0
Other expenses	**142,163**	**2.1**	94,483	2.2
Total	**6,685,938**	**100**	4,326,980	100

3. Gross profit and gross profit margin

During the Reporting Period, the gross profit margin of the Group was 39.5%, representing an increase of 18.3% as compared with 21.2% in 2020, mainly due to upward sales prices of lithium compound as a result of changes in market conditions, and the rise of price was higher than the increase in cost.

Gross profit and gross profit margin by products

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Lithium compound and lithium metal	**3,904,132**	**47.5**	888,386	23.1
Lithium battery	**229,364**	**11.4**	205,917	16.2
Others[1]	**223,573**	**27.5**	67,341	18.3
Total	**4,357,069**	**39.5**	1,161,644	21.2

Note (1): Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products

Gross profit and gross profit margin by regions

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Mainland China	**3,726,906**	**43.1**	806,675	19.9
Overseas	**630,163**	**26.2**	354,969	24.8
Total	**4,357,069**	**39.5**	1,161,644	21.2

4. Major customers and suppliers

During the Reporting Period, total sales to top 5 customers of the Group was RMB2,747,709,000 (2020: RMB1,581,244,000), which accounted for 24.9% of the total sales for the Reporting Period (2020: 28.8%). During the Reporting Period, total purchases from top 5 suppliers of the Group was RMB3,457,936,000 (2020: RMB1,670,068,000), which accounted for 39.6% of the total purchases for the Reporting Period (2020: 37.0%).

5. Other income and gains

The other income and gains of the Group were mainly comprised of net gains from fair value changes on financial assets at fair value through profit or loss, government grants, revenue from sales of raw materials and bank interest income. During the Reporting Period, other income and gains of the Group amounted to RMB2,690,464,000, representing an increase of RMB1,902,305,000 as compared with RMB788,159,000 in 2020, which was mainly because gains from fluctuations in the fair value of financial assets held by the Company brought about increase in other gains during the Reporting Period.

6. Expenses

	For the year ended 31 December 2021 *RMB'000*	For the year ended 31 December 2020 *RMB'000*	Changes %	Explanations on material changes
Selling and distribution expenses	**61,623**	48,212	27.8%	Selling and distribution expenses mainly included employee welfare expenses, transportation fees, storage and port fees, rental expenses, sales commissions, travel expenses and other expenses, the increase of which during the Reporting Period was mainly due to the significant increase in sales volume during the Reporting Period.
Administrative expenses	**840,336**	328,335	155.9%	Administrative expenses mainly included employee welfare expenses, office expenses, travel expenses, agency fees, research and development expenses, banking services and other expenses, as well as asset depreciation and amortization. The increase during the Reporting Period was mainly because provision was made for share incentive expenses and the expansion of the scale of lithium battery segment led to the corresponding increase in administration costs during the Reporting Period.

	For the year ended 31 December 2021 *RMB'000*	For the year ended 31 December 2020 *RMB'000*	Changes %	Explanations on material changes
Other expenses	**171,370**	187,608	(8.7%)	Other expenses mainly included net fair value loss from investment at fair value through profit or loss, cost of raw material sales, impairment loss, loss on sale of property, plant and equipment and others. The decrease during the Reporting Period was mainly due to the decrease of impairment loss of assets and the gains other than losses caused by fluctuations in the fair value of financial assets.
Finance costs	**264,857**	265,883	(0.4%)	Finance costs mainly included interest expenses on bank borrowings, convertible bonds and discounted notes. The little change during the Reporting Period was mainly because the increase in bank borrowings brought about the corresponding increase in interest expenses, but the interest expenses of convertible bonds decreased at the same time.

7. Other expenses

For each of the years ended 31 December 2021 and 31 December 2020, the Group recorded other expenses of RMB171.0 million and RMB187.6 million, respectively. A detailed breakdown of other expenses is as follows:

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Cost of raw materials sold	**18,295**	9,253
Impairment of goodwill	**–**	18,302
Impairment of trade receivables, net	**–**	33,008
Impairment of financial assets included in prepayments, other receivables and other assets, net	**–**	78,307
Write-down/(reversal) of inventories to net realizable value	**1,400**	(543)
Impairment of an investment in a joint venture	**6,602**	4,977
Net losses on disposal of items of property, plant and equipment	**8,113**	6,633
Exploration expenditures	**15,242**	3,253
Foreign exchange differences, net	**116,155**	28,322
Others	**5,563**	6,096
Total	**171,370**	187,608

8. Research and development expenses

The research and development expenses of the Group for the Reporting Period amounted to RMB341,944,000, representing an increase of 18.2% as compared to RMB289,214,000 in 2020, and accounting for 3.1% of the Group's revenue, which was mainly due to the increase in research and development expenses for lithium salts and solid-state batteries.

9. Cash flows

	For the year ended 31 December 2021 *RMB'000*	For the year ended 31 December 2020 *RMB'000*	Changes %	Reasons of material changes
Net cash flows from operating activities	**2,620,393**	746,368	251.1%	Primarily due to the increase in cash received from sale of goods or rendering of services during the Reporting Period.
Net cash flows used in investing activities	**(6,175,842)**	(3,955,194)	56.1%	Primarily due to the increase in cash payment of investment during the Reporting Period.
Net cash flows from financing activities	**7,130,925**	3,644,767	95.6%	Primarily due to the completion of placing of H Shares during the Reporting Period.

10. Financial position

Non-current assets increased by RMB1,184,370,000 from RMB13,245,542,000 as at 31 December 2020 to RMB24,429,912,000 as at 31 December 2021, which was mainly due to the increase in the balance of property, plant and equipment, the increase in the balance of intangible assets and the increase in the balance of investments in long-term financial assets during the Reporting Period.

Current assets increased by RMB5,851,907,000 from RMB8,774,832,000 as at 31 December 2020 to RMB14,626,739,000 as at 31 December 2021, which was mainly due to the increase in the balance of inventories, the increase in the balance of trade receivables and the increase in the balance of cash and cash equivalents during the Reporting Period.

Current liabilities increased by RMB4,131,323,000 from RMB4,077,784,000 as at 31 December 2020 to RMB8,209,107,000 as at 31 December 2021, which was mainly due to the increase in the balance of trade and bills payables and the increase in other payables during the Reporting Period.

Non-current liabilities increased by RMB156,659,000 from RMB4,524,185,000 as at 31 December 2020 to RMB4,680,844,000 as at 31 December 2021, which was mainly due to the increase in the balance of interest-bearing bank and other long-term borrowings during the Reporting Period.

As at 31 December 2021 and 31 December 2020, net current assets of the Group amounted to RMB6,417,632,000 and RMB4,697,048,000, respectively, and net assets amounted to RMB26,166,700,000 and RMB13,418,405,000, respectively.

As at 31 December 2021 and 31 December 2020, cash and cash equivalents of the Group amounted to RMB5,233,611,000 and RMB1,709,590,000, respectively.

11. Income tax expenses

During the Reporting Period, income tax of the Group amounted to RMB356,997,000, representing an increase of RMB293,309,000 as compared to RMB63,688,000 in 2020, which was mainly due to an increase in the taxable income during the Reporting Period.

12. Capital expenditure

During the Reporting Period, capital expenditure of the Group was RMB3,413,364,000, representing an increase of RMB2,182,250,000 as compared to RMB1,231,114,000 in 2020. The Group's capital expenditures mainly consisted of expenditures incurred for the purchase of property, plant and equipment, the prepaid land lease payments and the additions to other intangible assets. Funds used as capital expenditure of the Group were mainly sourced from bank borrowings, proceeds from share issuance and cash flows generated from operating activities of the Group.

13. Interest-bearing bank and other borrowings

As at 31 December 2021, bank and other borrowings of the Group amounted to RMB6,367,654,000. Bank and other borrowings of the Group that would be due within one year, and due within two to five years amounted to RMB2,708,799,000, and RMB3,658,855,000, respectively. As at 31 December 2021, the Group's outstanding loans included Renminbi loans and foreign currency loans and approximately 62.34% (31 December 2020: 94.68%) of such outstanding loans were charged at fixed interest rates, with the remaining charged at floating interest rates.

In order to ensure the sustainable operation of the Group as a whole, support the healthy development of business and finally achieve the purpose of maximizing shareholder value, the Group takes appropriate financial control measures to reduce financing risks and control the gearing ratio within a reasonable range.

As at 31 December 2021, the balance of liability in convertible bonds of the Group was RMB0.

14. Restricted assets

As at 31 December 2021, assets with a total carrying value of RMB1,750,515,000 of the Group were used as collaterals for bank borrowings and other bank facilities, and such assets included pledged deposits of RMB1,098,596,000, bills receivables of RMB431,919,000 and creditor's rights investment of RMB220,000,000.

15. Gearing ratio

As at 31 December 2021, the Group's gearing ratio, defined as total liabilities divided by total assets, was 33%, decreased by 6% than that as at 31 December 2020.

16. Exposure to risks of exchange rate fluctuation and corresponding hedging measures

Our business is located in mainland China and all transactions are denominated in RMB. Most of our assets and liabilities are denominated in RMB, except for certain bank balances denominated in U.S. dollars and other foreign currencies. Our assets and liabilities denominated in U.S. dollars were mainly held by certain subsidiaries which were incorporated outside mainland China and adopted U.S. dollars as their functional currency, and we did not conduct any material foreign exchange transactions in mainland China during the Reporting Period. In view of the foregoing, we had no material foreign exchange risks during the Reporting Period.

17. Contingent liabilities

As at 31 December 2021, we did not have any material contingent liabilities.

18. Employees and remuneration system

As at 31 December 2021, the Group had a total of 7,870 employees. We have adopted a remuneration structure and incentive scheme which is linked to our Group's performance in order to further motivate our employees.

19. Capital commitments

The Group had the following capital commitments as at 31 December 2021:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Contracted but not produced equipment and machinery	**1,422,789**	612,337

20. Share capital

As of 31 December 2021, share capital of the Company was set out as follows:

	Number of issued shares	**Percentage**
A Shares	**1,149,211,680**	79.9%
H Shares	**288,267,200**	20.1%
Total	**1,437,478,880**	100%

21. Production, sales and inventory

Industry	**Item**	**Unit**	**In 2021**	**In 2020**	**Year-on-year change**
Basic chemical material	Sales	Tons (after translated into lithium carbonate equivalent)	90,718.41	63,013.64	43.97%
	Production	Tons (after translated into lithium carbonate equivalent)	89,742.04	54,312.04	65.23%
	Inventory	Tons (after translated into lithium carbonate equivalent)	4,961.35	5,937.72	-16.44%

Product name	Production volume	Sales volume	Revenue	Average selling price of products in the first half of the year	Average selling price of products in the second half of the year	Year-on-year change	Reasons for changes
Lithium series Products (ton LCE)	89,742.04	90,718.41	8,323,212,895.46	72,277.27	107,777.91	A year-on-year increase of 49.12% in average selling price	Affected by the market upturn of lithium salt products
Lithium batteries series products (0'000 units)	12,938.94	11,855.11	2,022,432,462.51	151,800	173,200	A year-on-year increase of 14.10% in average selling price	Affected by the market upturn of lithium salt products

Note: The above data has been prepared in accordance with the China Accounting Standards for Business Enterprises

OTHER MATTERS

Significant Equity Acquisitions During the Reporting Period

Acquisition of equity in Bacanora Lithium Plc ("Bacanora")

On 5 February 2021, the Board approved the resolution regarding the subscription of partial equity interest in Bacanora, by Shanghai Ganfeng, a wholly-owned subsidiary of the Company, which involves mining rights investment and related-party transaction (《關於全資子公司上海贛鋒認購Bacanora公司部分股權涉及礦業權投資暨關聯交易》). It was agreed that Shanghai Ganfeng would subscribe for no more than 53,333,333 new shares at a price of 45 pence per share, and the total transaction amount shall not exceed 24 million pounds. Prior to the completion of the transaction, Shanghai Ganfeng held 25.74% of the equity interest in Bacanora; upon the completion of the transaction, Shanghai Ganfeng will hold no more than 29.99% of the equity interest in Bacanora. In May 2021, the Group completed the acquisition. Upon completion of the transaction, Shanghai Ganfeng holds 28.88% of the equity interest in Bacanora.

Acquisition of equity in Sonora Lithium Ltd ("Sonora")

On 13 November 2020, the Board approved the resolution regarding the subscription of partial equity interest in Sonora, a lithium clay project company under Bacanora, by Shanghai Ganfeng, a wholly-owned subsidiary of the Company, which involves mining rights investment and related-party transaction (《關於全資子公司上海贛鋒認購Bacanora公司旗下鋰黏土項目公司Sonora部分股權涉及礦業權投資暨關聯交易》). It was agreed that Shanghai Ganfeng would exercise the subscription option at a price of 0.2959 pounds per share to increase the capital in Sonora, and the transaction amount shall not exceed 23 million pounds. In February 2021, the Group completed the subscription. Prior to the completion of the transaction, Shanghai Ganfeng and Bacanora held 22.5% and 77.5% of the equity interest in Sonora, respectively; upon the completion of the transaction, Shanghai Ganfeng holds 50% of the equity interest in Sonora.

Acquisition of equity in Ili Hongda Foundation Equity Investment Partnership (Limited Partnership) ("Ili Hongda")

On 8 March 2021, the Board approved the resolution concerning the investment in mining rights through acquisition of 100% of the interest in Ili Hongda (《關於收購伊犁鴻大100%財產份額涉及礦業權投資的議案》). The resolution approved that the Company and Qinghai Liangcheng Mining Co., Ltd. (青海良承礦業有限公司), a wholly-owned subsidiary of the Company, to acquire 100% of the interest in Ili Hongda held by Zhu Nailiang, Tibet Hongda New Energy Technology Co., Ltd.* (西藏鴻大新能源科技有限公司) and CITIC Securities Company Limited (on behalf of CITIC Securities Hongda No. 1 Targeted Asset Management Plan), at a price of RMB1.47 billion with its own funds. Upon the completion of the transaction, the Company holds 0.18% of the equity interests in Ili Hongda, and Qinghai Liangcheng holds 99.82% of the equity interests in Ili Hongda.

Tender offer for Bacanora

On 6 May 2021, the Board approved the resolution regarding the tender offer to purchase Bacanora by Shanghai Ganfeng, a wholly-owned subsidiary of the Company, involving mining rights investment and related-party transaction (《關於全資子公司上海贛鋒對Bacanora公司進行要約收購涉及礦業權投資暨關聯交易》). It was agreed that Shanghai Ganfeng shall make a tender offer for all the issued shares of Bacanora (other than the shares already held by Shanghai Ganfeng) at a price of 67.5 pence per share, and the total transaction amount shall not exceed 190 million pounds. On 28 June 2021, the resolution was approved by the Shareholders. As of December 2021, over 75% of Bacanora's shareholders have accepted the tender offer and, in accordance with the requirements of relevant laws and regulations, Bacanora shall apply to the London Stock Exchange for delisting, which had become effective at 7:00 a.m. on 26 January 2022 (London time). Upon the completion of the transaction, Shanghai Ganfeng will hold no more than 100% of the equity interest in Bacanora.

Investment in Exchangeable Bond of Silkroad Nickel Ltd ("SRN") in Singapore

On 28 May 2021, the Board approved the resolution in relation to the investment in the exchangeable bond of SRN in Singapore by GFL International, a wholly-owned subsidiary of the Company, involving mining rights investment (《關於全資子公司贛鋒國際投資新加坡SRN公司可交債涉及礦業權投資》). The resolution approved GFL International to invest in the exchangeable bond of SRN, a listed company in Singapore, at the listed company level with its own funds of USD15 million, at an interest rate of 7% and with a term of 3 years. The exchangeable bond is secured with 100% of the equity interest in FE Resources Pte. Ltd (the "**FE Company**"), a wholly-owned subsidiary of SRN, holding laterite nickel assets. The Company is entitled to convert 100% of the equity interest in the exchangeable bond to 25% of the equity interest in FE Company upon six months from the effective date of the investment. At the same time of conversion, the Company will be entitled to increase its equity interest in FE Company to 50% at an additional consideration of USD15 million. In November 2021, the Group completed the consideration payment and equity delivery for the exchangeable bond of SRN.

Acquisition of 50% of the equity interest in Netherlands SPV Company

On 11 June 2021, the Board approved the resolution regarding the acquisition of 50% of the equity interest in Netherlands SPV Company by GFL International, which involves mining rights investment and provision of financial assistance for Lithium du Mali SA ("**LMSA**"), a wholly-owned subsidiary of Netherlands SPV Company (《關於贛鋒國際收購荷蘭SPV公司50%股權涉及礦業權投資並為其全資子公司LMSA提供財務資助》). It was agreed that GFL International shall acquire 50% of the equity interest in Netherlands SPV Company (the final registered name in Netherlands Companies Registry is Mali Lithium B.V.) at a price of USD130 million with its own funds. Upon the completion of the transaction, GFL International will be granted consent to, as the case may be, provide financial assistance with an amount of not exceeding USD40 million to LMSA to help LMSA to develop and construct Goulamina spodumene mine project. Upon the completion of the transaction, GFL International will hold 50% of the equity interest in Mali Lithium B.V., and Firefinch Limited will hold 50% of the equity interest in Mali Lithium B.V.. As at December 2021, the Group has completed the payment of consideration for the first tranche of equity transaction of USD39 million. In March 2022, the Group completed the acquisition.

Acquisition of equity in LITIO MINERA ARGENTINA S.A (“Litio”)

In October 2021, the Company acquired 8.58% of the equity interest in Litio Company held by International Lithium Corp. (the “**International Lithium**”) through its indirect wholly-owned subsidiary Ganfeng Lithium Netherlands CO., BV (the “**GFL Netherlands**”). The consideration for the transaction is USD10,000,000 with its own funds and the waiver of past development loans and interests from GFL International, a wholly-owned subsidiary of the Company, to International Lithium, with a total transaction amount of USD13,178,233.34. Upon the completion of the transaction, the Company indirectly held 100% of the equity interest in Litio Company and Mariana lithium salt lake project thereunder.

Final dividend

The Board proposed to distribute cash dividend of RMB3 (tax inclusive) for every 10 Shares to all Shareholders, based on the total share capital of the Company as at the record date of shareholding, and to issue four (4) bonus Shares for every ten (10) Shares to all shareholders by way of conversion of capital reserve (the “**Proposed Issue**”). The remaining undistributed profits are carried forward for the subsequent annual distribution. If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged. The above proposal will be put forward for the forthcoming annual general meeting (the “**AGM**”) of the Company for consideration and approval. The specific arrangements regarding the final dividend and its distribution, the Proposed Issue and the time and arrangement of the closure of register of members of H Shares will be disclosed separately in the circular for the AGM. If approved at the AGM, the Company shall distribute the dividend within two months after the date of the annual general meeting. The Company shall announce separately the expected dividend payment date.

Tax on dividends

According to the Enterprise Income Tax law of the People's Republic of China and its implementing regulations effective on 29 December 2018, and the provisions of the "Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Overseas H-share Holders (Non-resident Enterprise Shareholders) from Chinese Resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, the income of resident enterprise and non-resident enterprise derived in the PRC will be subject to enterprise income tax. Enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC are resident enterprises, which shall file tax return on their own and pay income tax for the income derived in the PRC in according to laws. Enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC are non-resident enterprises, if non-resident enterprises establish no organizations and sites within the territory of China, or though establish organizations and sites but the dividends and bonds received have no real connection to the organizations and sites established, such enterprises shall pay the corporate income tax at the rate of 10.0% of its income from the Chinese territory. The Company shall pay the enterprise income tax at a unified rate of 10% of the annual dividend of H shares non-resident enterprise shareholders in according with laws when dividends are distributed for 2008 and subsequent years. After the resident enterprise shareholders submit the legal opinion within the prescribed time limit and the Company submits such opinion to the competent tax authorities for confirmation, the Company will not withhold and pay any corporate income tax when distributing the 2021 final dividends to the H Share resident enterprise shareholders who are registered on the dividend record date.

In accordance with the "Circular on Certain Issues Concerning the Policies of Individual Income Tax" (Cai Shui Zi [1994]No.020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, temporarily, exempted from the PRC individual income tax for dividend or bonuses received from foreign invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual shareholders when the Company distributes the dividends to overseas individual shareholders whose names appear on the register of members of H shares of the Company. In accordance with the Individual Income Tax Law of the People's Republic of China (2018 Revised) and its implementation regulations took effect on 1 January 2019, individuals have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year are individual residents ("**Individual Residents**"). The Company will withhold and pay 20% of the individual income tax on behalf of individual shareholders when the Company distributes the dividends to Individual Residents Shareholders whose names appear on the register of members of H shares of the Company.

If H Shareholders intend to change their shareholder status, please enquire about the relevant procedures with their agents or transferee agent. The Company will strictly comply with the law or the requirements of the relevant government authority to withhold and pay enterprise income tax and individual income tax on behalf of the relevant shareholders based on the register of members for H Shares as at the dividend registration date. The Company assumes no responsibility and will not entertain any claims arising from any failure to timely determine, or inaccurate determination of, the status of the Shareholders or any dispute over the arrangement of withholding and paying enterprise tax and individual income tax on behalf of such Shareholders. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the H Shares.

Changes to Information on Directors, Supervisors and Chief Executive

During the Reporting Period, the changes in the Directors, Supervisors and senior management of the Company are as follows:

Name	**Position held**	**Type**	**Date**
Ren Yuchen	Joint company secretary	Retirement	10 October 2021

Save as disclosed above, as far as known to the Company, during the Reporting Period, there were no changes to information that were required to be disclosed by the Directors, Supervisors and chief executives pursuant to Rule 13.51B(1) of the Listing Rules.

Connected Transactions

Implementation of capital increase and share expansion and the introduction of an employee shareholding platform by Ganfeng LiEnergy

On 13 November 2020, the Board considered and approved the resolution on implementation of capital increase and share expansion and the introduction of an employee shareholding platform by Ganfeng LiEnergy, a wholly-owned subsidiary and related-party transaction (《關於全資子公司贛鋒鋰電實施增資擴股並引入員工持股平台暨關聯交易的議案》). As part of the employee stock ownership plan, Ganfeng LiEnergy, a wholly-owned subsidiary of the Company, entered into the capital increase agreement with the subscribers prior to 3 December 2020. Pursuant to the capital increase agreement, the subscribers, including connected persons, agreed to contribute an aggregate amount of RMB415.36 million to increase the registered capital of Ganfeng LiEnergy from RMB500.0 million to RMB915.36 million. The transactions contemplated under the capital increase agreement were completed on 5 January 2021. Upon the completion of the transactions, the Company holds an aggregate equity interest of approximately 54.6% in Ganfeng LiEnergy, which remains a controlled subsidiary of the Company.

Acquisition of 100% of the equity interest in Guangdong Huichuang and capital increase in Ganfeng LiEnergy

On 30 July 2021, the resolution in relation to the acquisition of 100% of the equity interest in huichuang new energy by Ganfeng LiEnergy and related transactions (《關於贛鋒鋰電收購匯創新能源100%股權暨關聯交易的議案》) was considered and approved by the Board that Ganfeng LiEnergy would acquire 100% of the equity interest in Guangdong Huichuang New Energy Co., Ltd. (廣東匯創新能源有限公司) held by Ge Qiaoyu and Jiang Rongjin (the "**Vendors**") at a price of RMB52.4 million with its own funds; at the same time, Ganfeng LiEnergy entered into the capital increase agreement with the Vendors, pursuant to which the Vendors shall subscribe 15 million shares of Ganfeng LiEnergy at the price of RMB2.5 per share and the total amount of capital increase is RMB37.5 million, of which RMB20.625 million shall be contributed by Ge Qiaoyu and RMB16.875 million shall be contributed by Jiang Rongjin. Of the total amount of capital increase, RMB15 million shall be recognized in the paid-in capital of Ganfeng LiEnergy and RMB22.5 million shall be recognized in the capital reserve of Ganfeng LiEnergy. The transactions contemplated under the equity transfer agreement and the capital increase agreements has been completed on 13 October 2021. After the completion of the transactions, Ganfeng LiEnergy will hold 100% of the equity interest in Guangdong Huichuang New Energy Co., Ltd..

Grant of waiver of the original non-competition undertaking to actual controller and entering into the supplemental non-competition undertaking by actual controller

On 22 September 2021, the Board considered and approved the resolution in relation to the proposed waiver of the original non-competition undertaking by the actual controller , Mr. Li Liangbin ("**Mr. Li**"). On the same day, Mr. Li and Ms. Xu Xiaowei jointly signed the equity transfer agreement in relation to 70% of the equity interests of Xianghuangqi Mengjin Gold Mining Development Co., Ltd. (鑲黃旗蒙金礦業開發有限公司) (the "**Mengjin Mining**"), pursuant to which, Mr. Li proposes to acquire 70% of the equity interests of Mengjin Mining with his self-owned funds of RMB1,344 million. Before completion of the transaction, Ms. Xu Xiaowei held 100% of the equity interests of Mengjin Mining. After completion of the transaction, Mr. Li will hold 70% of the equity interests of Mengjin Mining and Ms. Xu Xiaowei will hold 30% of the equity interests of Mengjin Mining. On the same day, Mr. Li submitted an application to the Board and the general meeting of Shareholders of the Company for granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking based on the acquisition of Mengjin Mining on 22 September 2021. The supplemental non-competition undertaking is only applicable to Mr. Li's acquisition of Mengjin Mining's equity interest, and does not constitute an amendment to the original non-competition undertaking. On 20 December 2021, the shareholders approved the proposal of "grant of waiver of the original non-competition undertaking to actual controller and entering into the supplemental non-competition undertaking by the actual controller".

Other Significant Events During the Reporting Period

Conversion and redemption of A Share convertible bonds of the Company

The conversion period of Ganfeng Convertible Bonds commenced on 27 June 2018. Given that the closing prices of A Shares from 4 January 2021 to 22 January 2021 were not less than 130% (i.e., RMB54.18 per share) of the prevailing conversion price of the Ganfeng Convertible Bonds (RMB41.68 per share) for 15 trading days out of 30 consecutive trading days, the redemption clause of the convertible bonds was triggered. On 22 January 2021, the Board resolved to exercise the right of early redemption of the Ganfeng Convertible Bonds to redeem all outstanding Ganfeng Convertible Bonds which appeared on the register on the redemption record date. The abovementioned redemption record date was 5 March 2021. As at 5 March 2021, a total amount of RMB922,039,700 Ganfeng Convertible Bonds were converted into A Shares, and the unconverted Ganfeng Convertible Bonds of RMB5,960,300 were redeemed by the Company. The redemption payment date was 15 March 2021, and the delisting date of Ganfeng Convertible Bonds was 16 March 2021. For the redemption results, payment and delisting details, please refer to the announcement on results of redemption and delisting of Ganfeng Convertible Bonds issued by Ganfeng Lithium Co., Ltd. (《江西贛鋒鋰業股份有限公司關於「贛鋒轉債」贖回結果及兑付摘牌的公告》), which was published by the Company on 16 March 2021.

The conversion period of Ganfeng Convertible Bonds 2 commenced on 18 February 2021. Given that the closing prices of A Shares from 18 February 2021 to 31 March 2021 were not less than 130% (i.e., RMB78.36 per share) of the prevailing conversion price of the Ganfeng Convertible Bonds 2 (RMB60.27 per share) for 15 trading days out of 30 consecutive trading days, the redemption clause of the Ganfeng Convertible Bonds 2 was triggered. On 31 March 2021, the Board resolved to exercise the right of early redemption of the Ganfeng Convertible Bonds 2 to redeem all outstanding Ganfeng Convertible Bonds 2 which appeared on the register on the redemption record date. The abovementioned redemption record date was 11 May 2021. As at 11 May 2021, a total amount of RMB2,090,708,200 Ganfeng Convertible Bonds 2 were converted into A Shares, and the unconverted Ganfeng Convertible Bonds 2 of RMB17,291,800 were redeemed by the Company. The redemption payment date was 19 May 2021, and the delisting date of Ganfeng Convertible Bonds 2 was 19 May 2021. For the redemption results, payment and delisting details, please refer to the announcement on results of redemption and delisting of Ganfeng Convertible Bonds 2 issued by the Ganfeng Lithium Co., Ltd. (《江西贛鋒鋰業股份有限公司關於「贛鋒轉2」贖回結果及兑付摘牌的公告》), which was published by the Company on 19 May 2021.

Proposed issuance of H Shares under special mandate

The Board announced on 25 February 2021 that it resolved to seek Shareholders' approval for obtaining the specific mandate regarding the proposed issuance of H Shares. The number of H shares proposed to be issued shall be no more than 48,044,560 shares (the placee and its ultimate beneficial owner are third parties who are independent of and not connected with the Company) with a nominal value of RMB1.00 each, and the aggregate nominal value of the H Shares proposed to be issued is RMB48,044,560. According to the circular of the Company dated 25 February 2021, the proceeds from the issuance of H Shares will be used for the Company's capacity expansion construction, potential investment, replenishment of working capital and general corporate purpose. On 17 March 2021, the resolutions regarding the proposed issuance of H Shares under specific mandate and the proposed grant of specific mandate were approved by the Shareholders. On 10 June 2021 (after trading hours), the Company entered into a placing agreement with the placing agents in relation to the placing, on a best efforts basis, of 48,044,400 new H Shares at the placing price of HK$101.35 per H Share, representing a discount of approximately 5.01% to the closing price of HK$106.70 per H Share as quoted on the Stock Exchange on 10 June 2021, being the last trading day prior to the signing of the placing agreement entered into between the Company and the placing agent in relation to the placing. On 21 June 2021, an aggregate of 48,044,400 placing shares of the Company had been successfully placed at the placing price of HK$101.35 per placing share.

Proposed adoption of share option incentive scheme and proposed authorization to the Board to deal with relevant matters in relation to the share option incentive scheme

On 2 April 2021, the Board approved, among others, the resolutions regarding (i) the proposed adoption of the share option incentive scheme and the assessment measures; and (ii) the proposed authorization to the Board to deal with relevant matters in relation to the share option incentive scheme of the Company. The share option incentive scheme intends to grant 15,794,000 share options to the participants, representing approximately 1.16 % of the total number of share capital (i.e., 1,355,928,726 shares) of the Company as at the date of announcement of the share option incentive scheme. There was no executing share option incentive scheme of the Company. The particulars of the proposed adoption of share option incentive scheme were included in the circular of the Company dated 28 April 2021. At the annual general meeting and class general meetings of the Company on 4 June 2021, the Shareholders approved the abovementioned resolutions.

On 7 June 2021, the Board approved the resolution on the adjustments to the matters relating to 2021 share option incentive scheme of the Company and the resolution on the grant of share options to the participants of the 2021 share option incentive scheme. The Company adjusted the number of participants of the share option incentive scheme from 407 to 404 persons and granted share options to the participants. The total number of share options granted was adjusted from 15.794 million to 15.754 million. The specific situations of the grant under the share option incentive scheme are as follows:

1. Date of grant: 7 June 2021.

2. Number of grant: 15.754 million.

3. Number of participants of grant: 404.

4. Exercise price: RMB96.28 per Share. In the event of capitalization issue, bonus issue, share subdivision, rights issue or share consolidation of the Company prior to any exercise by the participants, the number of the share options shall be adjusted accordingly.

5. Source of Shares: A Shares to be directly issued to the participants by the Company.

6. The arrangement of validity period, vesting period and exercise period of the share option incentive scheme:

   (1) The validity period of the share option incentive scheme shall commence from the date of the grant of the share options and end on the date on which all the share options granted to the participants have been exercised or repurchased and cancelled, which shall not be longer than 60 months.

   (2) The vesting period for the share options under the share option incentive scheme shall commence from the date of grant of the share options and end on the first exercisable date of the share options. The vesting periods of the share options are 12 months, 24 months, 36 months and 48 months, respectively. During the vesting periods, the share options which are granted to the participants shall not be transferred, pledged for guarantees or used for repayment of debt.

   (3) The share options granted to the participants can be exercised after expiry of 12 months commencing from the date of the grant, subject to the consideration and approval of the share option incentive scheme at the 2020 annual general meeting and the class general meetings. The exercisable date must be a trading day and shall not fall within any of the following periods:

      (i) the period commencing on 30 days prior to the announcements of periodic reports of the Company, or in the event of postponement in publishing the periodic reports for special reasons, 30 days prior to the original announcement date and ending on one day prior to the actual announcement date;

      (ii) the period commencing on 10 days prior to the announcements of results forecast and preliminary results of the Company;

      (iii) the period commencing on the date of the occurrence of material events that may have significant impacts on trading price of Shares and derivatives of the Company, or the date of entering into the decision-making process, and ending on two trading days after such events have been lawfully disclosed; and

      (iv) other periods prescribed by the China Securities Regulatory Commission and SZSE.

   During the exercise period, the participants are able to exercise the share options according to the following exercising arrangement upon the fulfillment of the exercise conditions for the share options granted under the share option incentive scheme.

The exercise period of the share options granted under the share option incentive scheme and timetable for each exercise are set out below:

Exercise arrangement	Exercise time	Exercise proportion
First exercise period	Commencing from the first trading day upon the expiry of 12 months from the grant date to the last trading day upon the expiry of 24 months from the grant date	25%
Second exercise period	Commencing from the first trading day upon the expiry of 24 months from the grant date to the last trading day upon the expiry of 36 months from the grant date	25%
Third exercise period	Commencing from the first trading day upon the expiry of 36 months from the grant date to the last trading day upon the expiry of 48 months from the grant date	25%
Fourth exercise period	Commencing from the first trading day upon the expiry of 48 months from the grant date to the last trading day upon the expiry of 60 months from the grant date	25%

Share options for which exercise conditions are not fulfilled during the above agreed period shall not be exercised or deferred to be exercised during the next exercise period, and the Company shall cancel the underlying share options of the participants according to the principle stipulated in the share option incentive scheme. After the end of each exercise period of the share options, the share options of the participants for the current period that have not been exercised shall be terminated and cancelled by the Company.

7. The distribution of the number of share options granted among the participants is as follows:

Name	Position(s)	Number of the share options granted	Percentage to total number of the granted share options	Percentage to total number of the share issued on the date of grant of the share options
		(0'000 A Shares)	*(%)*	*(%)*
Deng Zhaonan	Executive Director and vice president	20.00	1.27%	0.01%
Shen Haibo	Executive Director and vice president	20.00	1.27%	0.01%
Ouyang Ming	Secretary of the Board and vice president	20.00	1.27%	0.01%
Xu Jianhua	Vice president	20.00	1.27%	0.01%
Yang Manying	Vice president and financial director	20.00	1.27%	0.01%
Fu Lihua	Vice president	15.00	0.95%	0.01%
Xiong Xunman	Vice president	15.00	0.95%	0.01%
Core management and core technical (business) personnel (397)		1,445.40	91.75%	1.06%
Total (404)		1,575.40	100.00%	1.13%

8. Accounting treatment of the share options under the share option incentive scheme

(1) Accounting treatment

In accordance with the requirements of the Accounting Standards for Enterprises No.11– Share-based Payment, the Company shall, on each balance sheet date during the vesting period, adjust the estimated number of share opinion that may be exercised in accordance with the latest number of the participants who have fulfilled the exercise conditions and the performance indicators, and recognize the services received during the period as the relevant costs or expenses and capital reserve in accordance with the fair value of the shares option on the grant date.

(2) Calculation of the fair value of the share options

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 11– Share-based Payment and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments on 15 February 2006, which began to be applied by listed companies on 1 January 2007. According to the relevant provisions on the determination of fair value in the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, an appropriate valuation model is required to be selected to calculate the fair value of the share options. The Company chose Black-Scholes model (B-S model) to calculate the fair value of the share options, and then used the model to pre-calculate the share options to be granted (to formally calculate at the time of grant) on the day of announcement of the draft version. The specific parameters were selected as below:

(i) Price of the underlying shares: RMB96.28 per Share (on the day of announcement of the draft version, it was assumed that the closing price was RMB96.28 on the grant date)

(ii) Validity period: one, two, three and four years, respectively (based on the period commencing from grant date and ending on the first exercisable date for each respective period)

(iii) Historical volatility ratio: 64.02%, 58.36%, 55.43% and 55.44%, respectively (adopted the historical volatility ratio of the Company in the latest one, two and three years, respectively)

(iv) Risk-free interest rate: 2.39%, 2.69%, 2.81% and 2.89%, respectively (adopted the yield of PRC treasury bond for one, two, three and four years, respectively)

(v) Dividend yield: 0.48%, 0.91%, 0.80% and 0.65% (the average dividend rate of the Company in one year, two years, three years and four years prior to the announcement of the share option incentive scheme)

(3) Impact on the operating performance of the Company

The fair value of the share options on the grant date which is determined in accordance with the relevant valuation method, and the costs of payment of Shares under the share option incentive scheme which is determined finally, will be amortized in accordance with the percentage of share options exercised during the implementation of the share option incentive scheme. The incentive costs incurred from the share option incentive scheme will be charged to the recurring profit and loss.

The Company granted share options to the participants on 7 June 2021, according to the requirements of the PRC accounting standards, the impact of the share options granted under the share option incentive scheme on accounting costs of each period is shown in the following table:

Number of share options granted *(0'000)*	**Total costs to be amortized** *(RMB0'000)*	**2021** *(RMB0'000)*	**2022** *(RMB0'000)*	**2023** *(RMB0'000)*	**2024** *(RMB0'000)*	**2025** *(RMB0'000)*
1,575.40	88,422.20	25,142.36	32,383.86	18,572.89	9,649.57	2,673.52

Note: the above results do not represent the final accounting cost, in addition to the actual grant date, grant price and grant number, the actual accounting cost also relates to the number of equity which actually take effect and lapse, and the final results of the impact of the above costs amortization on the operation results of the Company are subject to the annual audit report to be issued by the accountant firm.

According to the preliminary evaluation by the Company based on the information available, without taking into account the stimulus effects of the share option incentive scheme on the results of the Company, the amortization of the costs of share options incentive scheme shall affect the net profit of each year during the validity period, but the effect will not be substantial. Taking into consideration the positive impact of the share option incentive scheme on the development of the Company, such as motivating the management team, increasing the operational efficiency, and reducing agent costs, the benefits generated from the improvement in the Company's results due to the share option incentive scheme shall far exceed the increase in expenses.

Significant Events after the Reporting Period

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

Utilization of the Company's raised proceeds

Proceeds from the issuance of A Share Convertible Bonds

On 6 August 2020, the Company publicly issued 21,080,000 convertible bonds with a nominal value of RMB100 each. The total amount of the proceeds raised was RMB2,108 million. The net amount of the proceeds raised was RMB2,093 million after deduction of various issuance cost. According to the circular of the Company dated 28 June 2019, the proceeds from the issuance of the A Shares convertible bonds will be used for the project of subscription of certain equity interest in Minera Exar S.A., renovation and expansion project for ten thousand tonne lithium salt and replenishment of working capital. As at 31 December 2021, the Company had utilized proceeds of RMB2,016.9598 million in aggregate (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account) for subscription of certain equity interest in Minera Exar S.A., renovation and expansion project for ten thousand tonne lithium salt and replenishment of working capital, the balance of unutilized proceeds is RMB84.5654 million, and all outstanding convertible bonds which appear on the register of bonds have been redeemed by the Company. Use of proceeds from the issuance of A share convertible bonds of the Company is as follows:

Items	Amount allocated *(RMB0'000)*	Amount utilized as of 31 December 2021 *(RMB0'000)*	Unutilized amount as of 31 December 2021 *(RMB0'000)*	Expected timeline
Replenishment of working capital	54,800.00	54,820.75	0	The balance of proceeds had been used before 31 December 2021
Subscription of certain equity interests of Minera Exar S.A.	107,200.00	107,242.33	0	The balance of proceeds had been used before 31 December 2021
Renovation and expansion project for ten thousand tonne lithium salt	47,300.00	39,632.90	8,456.54	Before 31 December 2022
Total	209,300.00	201,695.98	8,456.54	

The unutilized proceeds are intended to be used for renovation and expansion project for ten thousand tonne lithium salt. The unutilized proceeds amount was approximately RMB84.6 million as at 31 December 2021. The balance of the proceeds from the issuance of A Share Convertible Bonds is expected to be used before 31 December 2022. The utilization was and is expected to be in line with the purposes set out in the circular dated 28 June 2019.

Proceeds from the issuance of additional H Shares

To raise funds for its business development and expand its Shareholder base, in September 2020, the Company placed 40,037,000 new H Shares under general mandate (the placee and its ultimate beneficial owner are third parties who are independent of and not connected with the Company). The total proceeds raised amounted to HK$1,455 million, and the net proceeds raised amounted to HK$1,449 million after deduction of various issuance cost. From the date of placing of the H Shares (i.e. 23 September 2020) to 31 December 2021, the Company had utilized proceeds of USD187,076,530.14 in aggregate, and the balance of unutilized proceeds is nil (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account). The utilization was in line with the purposes set out in the announcement dated 16 September 2020 in relation to the placing of new H shares under the general mandate. The breakdown of the use of proceeds from the issuance of additional H Shares is as follows:

Items	**Amount utilized as of 31 December 2021** *(USD)*	**Unutilized amount as of 31 December 2021** *(USD)*
Capacity expansion construction and potential investment	22,300,000.00	0
Debt repayment	12,000,000.00	0
Replenishment of working capital and general corporate purpose	152,776,530.14	0
Total	187,076,530.14	0

Proceeds from the issuance of H Shares under specific mandate

The Company placed 48,044,400 new H shares under the specific mandate in June 2021 (the placee and its ultimate beneficial owner are third parties who are independent of and not connected with the Company) at the placing price of HK$101.35 per H share. The proceeds from the issuance of H Shares will be used for the Company's capacity expansion construction, potential investment, replenishment of working capital and general corporate purpose. The total proceeds raised amounted to HK$4,869.30 million, and the actual proceeds raised amounted to HK$4,854.75 million after deduction of various issuance cost. As of 31 December 2021, the Company had utilized proceeds of approximately RMB3,398,263,600 in aggregate, and the balance of unutilized proceeds is RMB637,315,800 (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account). The utilization was and is expected to be in line with the purposes set out in the announcement dated 11 June 2021 on the placing of new H shares under the specific mandate. The balance of the proceeds from the issuance of H Share is expected to be used before 30 June 2022. The breakdown of the use of proceeds from the issuance of H Shares under specific mandate is as follows:

Items	**Proportion of net proceeds allocated**	**Amount utilized as of 31 December 2021** *(RMB0'000)*	**Unutilized amount as of 31 December 2021** *(RMB0'000)*	**Expected timeline**
Capacity expansion construction and potential investment	80%	258,675.08	63,709.23	Before 30 June 2022
Replenishment of working capital and general corporate purpose	20%	81,151.28	22.35	Before 30 June 2022
Total		339,826.36	63,731.58	

Compliance with the Corporate Governance Code

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance through continuous effort in improving its corporate governance practices and procedures. Through the establishment of a sound and effective corporate governance framework, the Company strives to ensure completeness and transparency in its information disclosure and enhance stable operation, so as to safeguard the interests of the Shareholders to the greatest extent. Other than the deviation from code provision C.2.1 of the Corporate Governance Code, the Company has complied with the principles and code provisions of the CG Code in Appendix 14 of the Listing Rules during the year ended 31 December 2021.

Deviation from Code Provision C.2.1 of Corporate Governance Code

Mr. Li Liangbin is the chairman of the Board and the president of our Company. With extensive experience in the lithium industry, Mr. Li Liangbin is responsible for the overall management of our Company's business strategies and operations. The Company believes that he is instrumental to the Company's growth and business expansion since its establishment in 2000. The Board considers that vesting the roles of chairman of the Board and president in the same person is beneficial to the management of our Company. The Company believes that the balance of power and authority is ensured by the operation of our senior management team and the Board, which comprise experienced and high-caliber individuals. After the re-election of the Board on 24 March 2020, the Board comprises four executive Directors (including Mr. Li Liangbin), two non-executive Directors and four independent non-executive Directors. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that:

(i) There is sufficient check and balance in the Board as the decisions to be made by the Board require approval by at least a majority of the Directors and the Board has four independent non-executive Directors out of the ten Directors after 24 March 2020, which is in compliance with the Listing Rules;

(ii) Mr. Li Liangbin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly;

(iii) The balance of power and authority is ensured by the operations of the Board which comprises experienced and high-caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and

(iv) The overall strategy and other key business, financial and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding securities transactions by Directors and Supervisors on the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). Having made specific enquiry to all Directors and Supervisors, the Company confirms that the Directors and Supervisors have complied with the standards regarding the securities transactions by Directors and Supervisors as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save for the conversion and redemption of A Share convertible bonds of the Company and the issuance of H Shares under special mandate as disclosed under the section headed "Other Significant Events During the Reporting Period" above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the Reporting Period.

REVIEW OF THE 2021 ANNUAL RESULTS

The Audit Committee of the Company (the "**Audit Committee**") has been established by the Board in compliance with Rules 3.21 and 3.22 of the Listing Rules and the terms of reference of code provision D.3.3 as set out in the Corporate Governance Code. The Audit Committee currently consists of three independent non-executive Directors, namely Ms. Wong Sze Wing, Mr. Liu Jun and Ms. Xu Yixin. Ms. Wong Sze Wing serves as the chairman of the Audit Committee and possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Listing Rules. The Group's audited consolidated financial results for the year ended 31 December 2021 have been considered and approved by the Audit Committee, which was of the view that the preparation of such financial results have complied with the requirements of the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Annual General Meeting

The 2021 AGM of the Company will be held on Friday, 10 June 2022. A circular containing further information in respect to the AGM will be dispatched to the holders of H Shares of the Company as soon as practicable. The relevant information about the closure of register of members for the AGM will be set out in the circular.

By order of the Board
GANFENG LITHIUM CO., LTD.
Li Liangbin
Chairman

Jiangxi, PRC
30 March 2022

As at the date of this announcement, the Board comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Ms. DENG Zhaonan and Mr. SHEN Haibo as executive directors of the Company; Mr. YU Jianguo and Ms. YANG Juan as non-executive directors of the Company; and Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive directors of the Company.

DEFINITIONS

A Share(s)	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB and listed on the SZSE (stock code:002460)
Articles of Association	the articles of association of the Company, as amended from time to time
Board	the board of Directors
CAGR	compound annual growth rate
Company	Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a joint stock company established in the PRC with limited liability whose A Shares and H Shares are listed on the SZSE and on the Main Board of the Stock Exchange respectively
Company Law	Company Law of the People's Republic of China, as amended from time to time
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries
Ganfeng Convertible Bonds	A Share convertible corporate bonds issued by the Company on 21 December 2017
Ganfeng Convertible Bonds 2	A Share convertible corporate bonds issued by the Company on 6 August 2020
Ganfeng LiEnergy	Ganfeng LiEnergy Technology Co., Ltd., a controlled subsidiary of our Company
GFL International	GFL International Co., Limited, a private company limited by shares incorporated in Hong Kong on 29 March 2011 and a wholly-owned subsidiary of our Company
H Share(s)	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 1772)

Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC	the People's Republic of China
RIM	Reed Industrial Minerals Pty Ltd., a company incorporated in Australia on 11 August 2009
RMB	Renminbi, the lawful currency of the PRC
Reporting Period	The year ended 31 December 2021
Shanghai Ganfeng	Ganfeng International Trading (Shanghai) Co., Ltd. a limited liability company and a wholly-owned subsidiary of the Company
Share(s)	A Share(s) and/or H Share(s)
Shareholder(s)	holder(s) of Share(s)
Shenzhen Listing Rules	the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, as amended from time to time
Stock Exchange	The Stock Exchange of Hong Kong Limited
SZSE	The Shenzhen Stock Exchange
%	percent
£ or pound	British Pound, the lawful currency in British
Pence	1/100 of a pound
COVID-19 pandemic	Novel coronavirus epidemic