

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LYGEND RESOURCES & TECHNOLOGY CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Lygend Resources & Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-4 to IA-151, which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2019, 2020 and 2021, and the six months ended June 30, 2022 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2019, 2020 and 2021 and June 30, 2022 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-4 to IA-151 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated November 21, 2022 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in*

Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at December 31, 2019, 2020 and 2021 and June 30, 2022, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2021 and other explanatory information (the “Interim Comparative Financial Information”).

The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in

accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants

Hong Kong

November 21, 2022

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Six months ended June 30,	
		2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>
					(Unaudited)	
REVENUE	5	9,347,434	7,755,174	12,449,318	4,088,286	9,978,283
Cost of sales		<u>(8,329,333)</u>	<u>(6,802,515)</u>	<u>(10,933,390)</u>	<u>(3,735,398)</u>	<u>(6,894,081)</u>
Gross profit		1,018,101	952,659	1,515,928	352,888	3,084,202
Other income and gains	5	70,946	122,406	424,900	56,108	108,924
Selling and distribution expenses		(55,869)	(50,128)	(124,124)	(23,346)	(43,170)
Administrative expenses		(132,547)	(174,178)	(301,134)	(110,342)	(480,192)
Impairment losses on financial assets, net		(812)	115	(4,172)	(1,581)	(2,685)
Other operating expenses		(13,812)	(40,232)	(91,944)	(57,639)	(111,330)
Finance costs	7	(66,559)	(42,176)	(79,325)	(25,466)	(108,517)
Share of profits and losses of associates		<u>(34,352)</u>	<u>(68,063)</u>	<u>99,008</u>	<u>(52,975)</u>	<u>(54,713)</u>
PROFIT BEFORE TAX	6	<u>785,096</u>	<u>700,403</u>	<u>1,439,137</u>	<u>137,647</u>	<u>2,392,519</u>
Income tax expense	10	<u>(218,370)</u>	<u>(182,065)</u>	<u>(179,174)</u>	<u>(48,691)</u>	<u>(102,896)</u>
PROFIT FOR THE YEAR/PERIOD		<u>566,726</u>	<u>518,338</u>	<u>1,259,963</u>	<u>88,956</u>	<u>2,289,623</u>

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
PROFIT FOR THE YEAR/PERIOD . . .	<u>566,726</u>	<u>518,338</u>	<u>1,259,963</u>	<u>88,956</u>	<u>2,289,623</u>
OTHER COMPREHENSIVE INCOME/ (LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income/ (loss) of associates	13,595	(70,054)	(21,581)	(3,629)	29,398
Reclassification adjustments for losses included in profit or loss	<u>—</u>	<u>—</u>	<u>50,756</u>	<u>—</u>	<u>—</u>
	<u>13,595</u>	<u>(70,054)</u>	<u>29,175</u>	<u>(3,629)</u>	<u>29,398</u>
Exchange differences on translation of foreign operations	<u>182</u>	<u>(4,819)</u>	<u>(11,926)</u>	<u>(774)</u>	<u>288,642</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD, NET OF TAX	<u>13,777</u>	<u>(74,873)</u>	<u>17,249</u>	<u>(4,403)</u>	<u>318,040</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>580,503</u>	<u>443,465</u>	<u>1,277,212</u>	<u>84,553</u>	<u>2,607,663</u>
Profit attributable to:					
Owners of the parent	565,584	520,156	1,099,508	86,053	1,350,119
Non-controlling interests	<u>1,142</u>	<u>(1,818)</u>	<u>160,455</u>	<u>2,903</u>	<u>939,504</u>
	<u>566,726</u>	<u>518,338</u>	<u>1,259,963</u>	<u>88,956</u>	<u>2,289,623</u>
Total comprehensive income attributable to:					
Owners of the parent	579,361	445,283	1,117,740	81,650	1,537,882
Non-controlling interests	<u>1,142</u>	<u>(1,818)</u>	<u>159,472</u>	<u>2,903</u>	<u>1,069,781</u>
	<u>580,503</u>	<u>443,465</u>	<u>1,277,212</u>	<u>84,553</u>	<u>2,607,663</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	12 <u>RMB1.11</u>	<u>RMB1.02</u>	<u>RMB1.69</u>	<u>RMB0.17</u>	<u>RMB1.02</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31,			As at
		2019	2020	2021	June 30,
		RMB'000	RMB'000	RMB'000	2022
				RMB'000	
NON-CURRENT ASSETS					
Property, plant and equipment	13	309,917	309,897	5,775,059	7,330,799
Intangible assets	15	179	2,474	527,524	519,032
Right-of-use assets	14(a)	43,322	24,389	99,301	152,284
Deferred tax assets	30	21,354	24,300	43,183	65,783
Interests in joint ventures	17	—	—	677	—
Interests in associates	18	670,354	1,015,700	581,878	556,563
Financial assets at fair value through profit or loss	23	—	—	—	44,325
Pledged deposits	24	260,000	300,000	40,633	—
Goodwill	16	—	—	218,037	218,037
Prepayments for property, plant and equipment	21	19,855	2,598	351,557	673,275
Total non-current assets		<u>1,324,981</u>	<u>1,679,358</u>	<u>7,637,849</u>	<u>9,560,098</u>
CURRENT ASSETS					
Inventories	19	632,156	396,272	974,573	1,228,377
Trade and bills receivables	20	862,424	549,209	1,025,203	1,866,221
Prepayments, other receivables and other assets	21	554,258	439,589	528,601	624,886
Due from related parties	38	350,178	204,556	103,478	154,945
Financial assets at fair value through profit or loss	23	187,050	152,398	—	76,157
Pledged deposits	24	301,423	202,157	598,398	649,253
Cash and cash equivalents	24	188,399	256,903	1,413,298	2,959,391
Total current assets		<u>3,075,888</u>	<u>2,201,084</u>	<u>4,643,551</u>	<u>7,559,230</u>
CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	27	1,493,866	1,024,498	1,155,912	2,581,957
Trade and bills payables	25	594,273	632,323	728,414	1,005,063
Lease liabilities	14(b)	2,456	3,204	8,638	13,557
Financial liabilities at fair value through profit or loss	29	—	—	6,771	—
Other payables and accruals	26	203,967	193,625	836,247	1,002,074
Contract liabilities	28	240,936	318,435	296,921	152,152
Income tax payable		274,589	245,506	230,549	188,253
Due to related parties	38	429,150	59,324	232,728	413,906
Total current liabilities		<u>3,239,237</u>	<u>2,476,915</u>	<u>3,496,180</u>	<u>5,356,962</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	As at December 31,			As at
		2019	2020	2021	June 30,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS/(LIABILITIES)		<u>(163,349)</u>	<u>(275,831)</u>	<u>1,147,371</u>	<u>2,202,268</u>
TOTAL ASSETS LESS CURRENT					
LIABILITIES		<u>1,161,632</u>	<u>1,403,527</u>	<u>8,785,220</u>	<u>11,762,366</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	27	—	—	3,595,682	3,902,122
Lease liabilities	14(b)	2,636	1,960	2,229	52,685
Employee benefits liability	31	—	—	8,731	12,368
Deferred tax liabilities	30	<u>12,107</u>	<u>9,512</u>	<u>4,921</u>	<u>13,420</u>
Total non-current liabilities		<u>14,743</u>	<u>11,472</u>	<u>3,611,563</u>	<u>3,980,595</u>
NET ASSETS		<u>1,146,889</u>	<u>1,392,055</u>	<u>5,173,657</u>	<u>7,781,771</u>
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital	32	508,000	508,000	—	—
Share capital	32	—	—	1,317,769	1,317,769
Reserves	33	<u>636,232</u>	<u>881,996</u>	<u>1,820,629</u>	<u>3,358,511</u>
		1,144,232	1,389,996	3,138,398	4,676,280
Non-controlling interests		<u>2,657</u>	<u>2,059</u>	<u>2,035,259</u>	<u>3,105,491</u>
Total equity		<u>1,146,889</u>	<u>1,392,055</u>	<u>5,173,657</u>	<u>7,781,771</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2019

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Paid-in capital	Other reserves*	Statutory surplus reserve*	Exchange fluctuation reserve*	Safety production reserve*	Retained profits*		
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At January 1, 2019	508,000	3,379	26,873	1,465	5,670	311,344	856,731	858,246
Profit for the year	—	—	—	—	—	565,584	565,584	566,726
Exchange differences on translation of foreign operations	—	—	—	182	—	—	182	182
Share of other comprehensive income of associates	—	—	—	13,595	—	—	13,595	13,595
Total comprehensive income for the year	—	—	—	13,777	—	565,584	579,361	580,503
Safety production reserve	—	—	—	—	4,737	(4,737)	—	—
Capital injection in the subsidiary acquired under common control	—	8,140	—	—	—	—	8,140	8,140
Dividends declared (note 11)	—	—	—	—	—	(300,000)	(300,000)	(300,000)
Transfer to statutory surplus reserves	—	—	45,791	—	—	(45,791)	—	—
At December 31, 2019	508,000	11,519	72,664	15,242	10,407	526,400	1,144,232	1,146,889

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended December 31, 2020

	Attributable to owners of the parent							Total equity RMB'000
	Paid-in capital RMB'000 (note 32)	Other reserves* RMB'000 (note 33)	Statutory surplus reserve* RMB'000 (note 33)	Exchange fluctuation reserve* RMB'000 (note 33)	Safety production reserve* RMB'000 (note 33)	Retained profits* RMB'000	Total RMB'000	
At January 1, 2020	508,000	11,519	72,664	15,242	10,407	526,400	1,144,232	1,146,889
Profit for the year	—	—	—	—	—	520,156	520,156	(1,818)
Exchange differences on translation of foreign operations	—	—	—	(4,819)	—	—	(4,819)	—
Share of other comprehensive loss of associates	—	—	—	(70,054)	—	—	(70,054)	(4,819)
Total comprehensive income/(loss) for the year	—	—	—	(74,873)	—	520,156	445,283	443,465
Safety production reserve	—	—	—	—	1,186	(1,186)	—	—
Consideration for the subsidiary acquired under common control (note a)	—	(20,000)	—	—	—	—	(20,000)	(20,000)
Capital injection in the subsidiary acquired under common control	—	10,481	—	—	—	—	10,481	10,481
Dividends declared (note 11)	—	—	—	—	—	(190,000)	(190,000)	(190,000)
Capital injection from non-controlling shareholders	—	—	—	—	—	—	—	1,220
Transfer to statutory surplus reserves	—	—	8,553	—	—	(8,553)	—	—
At December 31, 2020	508,000	2,000	81,217	(59,631)	11,593	846,817	1,389,996	1,392,055

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended December 31, 2021

	Attributable to owners of the parent							Total equity RMB '000		
	Share capital RMB '000 (note 32)	Share premium* RMB '000 (note 33)	Paid-in capital RMB '000 (note 32)	Other reserves* RMB '000 (note 33)	Statutory surplus reserve* RMB '000 (note 33)	Exchange fluctuation reserve* RMB '000 (note 33)	Safety production reserve* RMB '000 (note 33)		Retained profits* RMB '000	Non-controlling interests RMB '000
At January 1, 2021	—	—	508,000	2,000	81,217	(59,631)	11,593	846,817	2,059	1,392,055
Profit for the year	—	—	—	—	—	—	—	1,099,508	160,455	1,259,963
Exchange differences on translation of foreign operations	—	—	—	—	—	(10,943)	—	—	(983)	(11,926)
Share of other comprehensive loss of associates	—	—	—	—	—	(21,581)	—	—	—	(21,581)
Reclassification adjustments for losses included in profit or loss (note c)	—	—	—	—	—	50,756	—	—	—	50,756
Total comprehensive income for the year	—	—	—	—	—	18,232	4,600	1,099,508	159,472	1,277,212
Safety production reserve	—	—	—	—	—	—	—	(4,600)	—	—
Consideration for a subsidiary acquired under common control (note b)	—	—	—	(2,000)	—	—	—	(4,535)	—	(6,535)
Dividends declared (note 11)	—	—	—	—	—	—	—	(845,750)	—	(845,750)
Conversion into a joint stock company	508,000	86,360	(508,000)	—	(150,702)	68,962	—	(4,620)	—	—
Issue of shares	546,215	140,800	—	—	—	—	—	—	—	687,015
Transfer to statutory surplus reserves from retained profits	—	—	—	—	159,277	—	—	(159,277)	—	—
Capital injection from non-controlling shareholders	—	—	—	—	—	—	—	—	221,042	221,042
Acquisition of subsidiaries (note 35)	263,554	532,378	—	—	—	—	—	—	—	795,932
At December 31, 2021	1,317,769	759,538	—	—	89,792	27,563	16,193	927,543	2,035,259	5,173,657

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Six months ended June 30, 2022

	Attributable to owners of the parent							Total equity RMB '000		
	Share capital RMB '000 (note 32)	Share premium* RMB '000 (note 33)	Paid-in capital RMB '000 (note 32)	Other reserves* RMB '000 (note 33)	Statutory surplus reserve* RMB '000 (note 33)	Exchange fluctuation reserve* RMB '000 (note 33)	Safety production reserve* RMB '000 (note 33)			
					Retained profits* RMB '000	Total	Non-controlling interests RMB '000			
At January 1, 2022	1,317,769	759,538	—	—	89,792	27,563	16,193	3,138,398	2,035,259	5,173,657
Profit for the period	—	—	—	—	—	—	—	1,350,119	939,504	2,289,623
Exchange differences on translation of foreign operations	—	—	—	—	—	158,365	—	—	130,277	288,642
Share of other comprehensive income of associates	—	—	—	—	—	29,398	—	—	—	29,398
Total comprehensive income for the period	—	—	—	—	—	187,763	—	1,350,119	1,069,781	2,607,663
Safety production reserve	—	—	—	—	—	—	3,002	(3,002)	—	—
Acquisition of a subsidiary (note 35 (c))	—	—	—	—	—	—	—	—	451	451
At June 30, 2022	1,317,769	759,538	—	—	89,792	215,326	19,195	2,274,660	3,105,491	7,781,771

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Six months ended June 30, 2021 (Unaudited)

	Attributable to owners of the parent							Total equity RMB'000
	Paid-in capital RMB'000 (note 32)	Other reserves RMB'000 (note 33)	Statutory surplus reserve RMB'000 (note 33)	Exchange fluctuation reserve RMB'000 (note 33)	Safety production reserve RMB'000 (note 33)	Retained profits RMB'000	Total RMB'000	
At January 1, 2021 (audited)	508,000	2,000	81,217	(59,631)	11,593	846,817	1,389,996	1,392,055
Profit for the period (unaudited)	—	—	—	—	—	86,053	86,053	88,956
Exchange differences on translation of foreign operations (unaudited)	—	—	—	(774)	—	—	(774)	(774)
Share of other comprehensive loss of associates (unaudited)	—	—	—	(3,629)	—	—	(3,629)	(3,629)
Total comprehensive income/(loss) for the period (unaudited)	—	—	—	(4,403)	—	86,053	81,650	84,553
Safety production reserve (unaudited)	—	—	—	—	1,971	(1,971)	—	—
Consideration for a subsidiary acquired under common control (note b) (unaudited)	—	(2,000)	—	—	—	(4,535)	(6,535)	(6,535)
At June 30, 2021 (unaudited)	508,000	—	81,217	(64,034)	13,564	926,364	1,465,111	1,470,073

Notes:

(a) In 2020, the Company acquired a 100% interest in Shanghai Lygend International Trade Co., Ltd. ("Lygend Shanghai") from its then shareholder that under common control. The purchase consideration for the acquisition was in the form of cash of RMB20,000,000, which was fully paid by December 31, 2020.

(b) In 2021, the Company acquired a 100% interest in Ningbo Yiwei Mining Co., Ltd. ("Yiwei Mining") from its then shareholder that under common control. The purchase consideration for the acquisition was in the form of cash of RMB6,535,000, which was fully paid by December 31, 2021.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

(c) Reclassification adjustment of RMB50,756,000 in 2021 represented the amounts of cumulative exchange differences on translation of PT. Halmahera Persada Lygend (“HPL”) reclassified to profit or loss when HPL became a subsidiary of the Group from an associate on November 30, 2021. Refer to note 35(a) to the Historical Financial Information for the details.

* These reserve accounts comprise the consolidated reserves of RMB636,232,000, RMB881,996,000, RMB1,820,629,000 and RMB3,358,511,000 in the consolidated statements of financial position as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,			Six months ended	
					June 30,	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
CASH FLOWS FROM OPERATING						
ACTIVITIES						
Profit before tax		785,096	700,403	1,439,137	137,647	2,392,519
Adjustments for:						
Finance costs	7	66,559	42,176	79,325	25,466	108,517
Share of profits and losses of associates		34,352	68,063	(99,008)	52,975	54,713
Bank interest income	5	(17,458)	(14,277)	(14,786)	(5,400)	(7,131)
Investment (income)/loss from financial assets at fair value through profit or loss		(29,140)	8,784	41,075	31,279	87,078
Changes in fair value of financial assets and liabilities at fair value through profit or loss		—	—	6,771	4,196	(44,382)
Loss on disposal of items of property, plant and equipment		15	2,424	9,020	8,486	2,743
Gain on disposal of a subsidiary	5	—	(11,085)	—	—	—
Gain on step acquisition of subsidiaries	5	—	—	(282,574)	—	—
Depreciation of property, plant and equipment		211,269	50,238	74,784	29,755	181,377
Depreciation of right-of-use assets	14(a)	1,967	3,087	6,794	2,716	10,550
Amortization of intangible assets	15	264	83	6,702	259	36,547
Impairment/(reversal of impairment) of trade receivables and other receivables		812	(115)	4,172	1,581	2,685
Foreign exchange differences, net		7,649	(58,908)	(16,721)	(5,708)	123,269
		1,061,385	790,873	1,254,691	283,252	2,948,485
(Increase)/decrease in inventories		(210,016)	235,884	58,038	(216,582)	(253,804)
(Increase)/decrease in trade and bills receivables		(808,297)	61,410	(676,275)	(636,945)	(1,208,534)
(Increase)/decrease in prepayments, other receivables and other assets		(225,960)	110,423	117,863	(68,161)	(83,959)
(Increase)/decrease in pledged deposits		(213,794)	47,194	(15,798)	(262,707)	(4,822)
Increase/(decrease) in trade and bills payables		209,885	177,722	(51,050)	(61,526)	276,649
Increase/(decrease) in other payables and accruals		(17,274)	4,797	173	(51,768)	78,647
Increase/(decrease) in amounts due to related parties		(34,490)	—	165,633	371,981	248,273
(Increase)/decrease in amounts due from related parties		1,724	(406,389)	195,438	109,279	(50,351)
Increase/(decrease) in contract liabilities		(1,199)	79,872	(21,514)	188,236	(144,769)
Cash generated from/ (used in) operations		(238,036)	1,101,786	1,027,199	(344,941)	1,805,815
Income tax paid		(123,488)	(212,479)	(215,878)	(109,345)	(159,293)
Net cash flows from/(used in) operating activities		(361,524)	889,307	811,321	(454,286)	1,646,522

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Note	Year ended December 31,			Six months ended	
				June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES					
	(59,636)	(74,226)	(309,951)	(12,031)	(1,679,303)
	414	1,548	2,295	1,632	525
	—	—	(71,066)	(71,066)	—
	(443)	(2,378)	(2,503)	(759)	(1,692)
	(187,000)	(135,474)	(31,572)	(10,000)	(116,800)
	—	—	(96,490)	(80,478)	(81,007)
	(438,870)	(612,613)	(351,691)	(351,691)	—
	—	—	—	—	(677)
	(190,178)	(154,427)	—	—	—
	118,699	262,089	—	—	—
	(311,285)	(40,000)	—	—	—
	44,600	51,285	—	—	—
34	—	162,994	—	—	—
	—	—	1,500	—	848
	6,700	170,126	183,970	146,398	40,700
	—	—	58,497	29,510	70,000
	29,140	(8,784)	(41,075)	(31,279)	(79,346)
	16,367	15,064	14,786	304	1,731
	<u>(971,492)</u>	<u>(364,796)</u>	<u>(643,300)</u>	<u>(379,460)</u>	<u>(1,845,021)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Note	Year ended December 31,			Six months ended June 30,		
	2019	2020	2021	2021	2022	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
					(Unaudited)	
CASH FLOWS FROM FINANCING						
ACTIVITIES						
Proceeds from issue of shares	—	—	1,277,015	—	—	
Capital injection in a subsidiary acquired under common control	8,140	10,481	—	—	—	
Capital injection from non-controlling shareholders	—	1,220	126,627	—	—	
Proceeds from bank borrowings	6,913,494	4,623,003	6,137,149	2,618,581	3,742,701	
Proceeds from other borrowings	624,289	251,980	643,391	509,968	448,418	
Proceeds from a related party	—	—	20,000	20,000	—	
Repayment of bank borrowings	(6,175,036)	(5,049,513)	(6,184,637)	(2,076,444)	(2,306,810)	
Repayment of other borrowings	—	(27,340)	—	—	(2,400)	
Repayment to a related party	—	—	(20,000)	(12,710)	(34)	
Payment of consideration for a subsidiary acquired under common control	—	(20,000)	(6,535)	(6,535)	—	
Principal portion of lease payments	(900)	(3,681)	(5,062)	(1,861)	(8,212)	
Interest paid	(82,571)	(49,944)	(150,834)	(25,718)	(105,093)	
Dividend paid	—	(189,386)	(838,013)	(58,661)	(67,061)	
Listing expenses	—	—	(1,866)	—	(21,679)	
Net cash flows from/(used in) financing activities	<u>1,287,416</u>	<u>(453,180)</u>	<u>997,235</u>	<u>966,620</u>	<u>1,679,830</u>	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(45,600)	71,331	1,165,256	132,874	1,481,331	
Cash and cash equivalents at beginning of year/period	233,687	188,399	256,903	256,903	1,413,298	
Effect of foreign exchange rate changes, net	312	(2,827)	(8,861)	(1,199)	64,762	
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u>188,399</u>	<u>256,903</u>	<u>1,413,298</u>	<u>388,578</u>	<u>2,959,391</u>	
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position	24	<u>188,399</u>	<u>256,903</u>	<u>1,413,298</u>	<u>388,578</u>	<u>2,959,391</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows		<u>188,399</u>	<u>256,903</u>	<u>1,413,298</u>	<u>388,578</u>	<u>2,959,391</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31,			As at
		2019	2020	2021	June 30,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS					
Property, plant and equipment	13	29,247	26,887	24,286	25,408
Intangible assets		—	2,338	4,110	4,693
Right-of-use assets	14(a)	—	192	—	1,018
Deferred tax assets	30	5,189	12,761	22,192	31,536
Interests in associates		670,354	985,697	557,790	535,996
Investments in subsidiaries		<u>387,520</u>	<u>221,068</u>	<u>1,980,230</u>	<u>1,992,312</u>
Total non-current assets		<u>1,092,310</u>	<u>1,248,943</u>	<u>2,588,608</u>	<u>2,590,963</u>
CURRENT ASSETS					
Inventories	19	197,349	86,993	233,864	342,043
Trade and bills receivables	20	168,439	250,792	328,553	362,988
Prepayments, other receivables and other assets	21	321,368	276,885	201,018	185,000
Due from related parties		349,141	—	—	—
Due from subsidiaries		980,894	660,359	637,902	778,591
Financial assets at fair value through profit or loss	23	177,000	22,000	—	70,000
Pledged deposits	24	60,875	61,045	222,066	253,623
Cash and cash equivalents	24	<u>66,107</u>	<u>25,546</u>	<u>104,700</u>	<u>817,525</u>
Total current assets		<u>2,321,173</u>	<u>1,383,620</u>	<u>1,728,103</u>	<u>2,809,770</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	As at December 31,			As at
		2019	2020	2021	June 30,
		RMB'000	RMB'000	RMB'000	2022
				RMB'000	
CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	27	507,865	722,121	842,116	1,679,515
Trade and bills payables	25	66,695	386,640	369,151	630,320
Lease liabilities	14(b)	—	—	—	320
Financial liabilities at fair value through profit or loss	29	—	—	1,741	—
Other payables and accruals	26	92,496	111,656	154,176	128,734
Contract liabilities	28	32,406	34,206	44,747	18,185
Income tax payable		42,689	28,124	32,839	11,888
Due to related parties		430,806	59,324	67,095	174,179
Due to subsidiaries		<u>1,334,552</u>	<u>576,507</u>	<u>571,124</u>	<u>402,988</u>
Total current liabilities		<u>2,507,509</u>	<u>1,918,578</u>	<u>2,082,989</u>	<u>3,046,129</u>
NET CURRENT LIABILITIES		<u>(186,336)</u>	<u>(534,958)</u>	<u>(354,886)</u>	<u>(236,359)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>905,974</u>	<u>713,985</u>	<u>2,233,722</u>	<u>2,354,604</u>
NON-CURRENT LIABILITIES					
Lease liabilities	14(b)	—	—	—	349
Total non-current liabilities		<u>—</u>	<u>—</u>	<u>—</u>	<u>349</u>
Net assets		<u><u>905,974</u></u>	<u><u>713,985</u></u>	<u><u>2,233,722</u></u>	<u><u>2,354,255</u></u>
EQUITY					
Paid-in capital	32	508,000	508,000	—	—
Share capital	32	—	—	1,317,769	1,317,769
Reserves	33	<u>397,974</u>	<u>205,985</u>	<u>915,953</u>	<u>1,036,486</u>
Total equity		<u><u>905,974</u></u>	<u><u>713,985</u></u>	<u><u>2,233,722</u></u>	<u><u>2,354,255</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at No. 707 Tiantong South Street, Yinzhou District, Ningbo, Zhejiang, China.

During the Relevant Periods, the Company and its subsidiaries were principally engaged in the nickel industry, with business covering the entire nickel industry value chain including upstream nickel resource integration, trading of laterite nickel ore and ferronickel, smelting and production, machinery and equipment manufacturing.

As at June 30, 2022, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yiwei Mining (a) 寧波毅威礦業有限公司*	PRC/Mainland China October 15, 2015	RMB2,000,000	100	—	Import of machinery and equipment
Ningbo Lygend Wisdom Co., Ltd. (a) ("Ningbo Huiran") 寧波力勤惠然貿易有限公司*	PRC/Mainland China June 7, 2017	RMB1,000,000	100	—	Trading of laterite nickel ore and ferronickel
Lygend Shanghai (a) 上海力勤國際貿易有限公司*	PRC/Mainland China June 11, 2018	RMB20,000,000	100	—	Project design
Jiangsu Wisdom Industrial Co., Ltd. (a) ("Jiangsu Wisdom") 江蘇惠然實業有限公司*	PRC/Mainland China March 21, 2011	RMB120,000,000	100	—	Smelting and production
Xi'an Pengyuan Metallurgical Equipment Co., Ltd. (a) ("Xi'an Pengyuan") 西安鵬遠冶金設備有限公司*	PRC/Mainland China February 20, 2017	RMB50,000,000	70	—	Manufacture and sale of machinery and equipment
Lygend Resources Pte., Ltd. (a) ("Lygend Singapore") 新加坡力勤資源有限公司*	Singapore August 16, 2018	USD2,000,000	100	—	Trading of laterite nickel ore and ferronickel
Ningbo Lygend New Energy Co., Ltd. (b) ("Lygend New Energy") 寧波力勤新能源有限公司*	PRC/Mainland China September 30, 2020	RMB200,000,000	100	—	New energy technological development
Ningbo Leda International Logistics Co., Ltd. (c) ("Lida Logistics") 寧波勵達國際物流有限公司*	PRC/Mainland China March 17, 2021	RMB100,000,000	100	—	Logistics services
Hong Kong Blue Whale International Limited (b) (f) ("Hong Kong Bwhale")	Hong Kong March 29, 2016	USD1,000,000	100	—	Vessel subleasing

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Kang Xuan PTE. LTD. (c) ("Kang Xuan")	Singapore June 14, 2021	USD 66,062,412	100	—	Investment holding
HPL (d) & (e)	Indonesia July 27, 2018	IDR 5,030,000,000,000	36.9	18	Smelting and production

Notes:

- (a) The statutory financial statements of these entities for the years ended December 31, 2019 and 2020 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- (b) No audited financial statements have been prepared for these entities for the years ended December 31, 2019, 2020 and 2021 since their dates of incorporation as these entities are not required by the local government to prepare statutory accounts.
- (c) No audited financial statements have been prepared for the entity as the entity was incorporated in 2021.
- (d) The statutory financial statements of the entity for the years ended December 31, 2019 and 2020 prepared under Indonesia Generally Accepted Accounting Principles were audited by KAP Teramihardja, Pradhono & Chandra, certified public accountants registered in Indonesia. And the statutory financial statements of the entity for the year ended December 31, 2021 prepared under Indonesia Generally Accepted Accounting Principles were audited by KAP Purwantono, Sungkoro & Surja.
- (e) HPL became a subsidiary of the Group on November 30, 2021 (note 35(a)).
- (f) Hong Kong Lygend International Limited ("Lygend Hong Kong") changed its company name to Hong Kong Blue Whale International Limited on February 23, 2022.
- * The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), and accounting principles generally accepted in Hong Kong. All IFRSs effective for the accounting period commencing from January 1, 2022, together with the relevant transitional provisions, have been early adopted on a consistent basis by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the six months ended June 30, 2021.

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss, and bills receivable which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries (collectively referred to as the “Group”) for the Relevant Periods. 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 information of the subsidiaries is 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 derecognizes (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 recognizes (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 recognized in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both

before and after the combination, and that control is not transitory. Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the reserves. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred. Direct issue costs incurred in respect of equity instruments or liabilities issued pursuant to the business combination should be charged to the respective equity instruments or liabilities upon initial recognition of the underlying equity instruments or liabilities.

2.2 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 the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
IFRS 17	<i>Insurance Contracts</i> ¹
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{1,3}
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ¹
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ⁴
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> ⁵

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

2 No mandatory effective date yet determined but available for adoption

3 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 January 1, 2023

4 Effective for annual periods beginning on or after January 1, 2024.

5 An entity shall apply (a) the amendment to paragraph 139U of IAS 1 immediately on issue of *Non-current Liabilities with covenants*, and (b) all other amendments for annual periods beginning on or after January 1, 2024 retrospectively.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statements of financial position at cost less any identified impairment loss.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associates or joint ventures, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and equity investments at the end of each of the reporting periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75% to 12.5%
Plant and machinery	6.3% to 33.3%
Electronic and office equipment	9.5% to 32%
Motor vehicles	9.5% to 19%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plant under construction and machinery under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life of 5 years.

Customer relationship

Customer relationship represents eight-year long-term offtake agreements with customers upon nickel-cobalt compounds. The useful life of customer relationship is determined based on the agreement period, which represents its useful economic life expected to generate net cash inflows from the sale of nickel-cobalt compounds to such customers. Customer relationship is stated at cost less accumulated amortization and identified impairment loss and amortized on the straight-line basis over its remaining agreement period.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Office premises and warehouses	1 to 7 years
Vessels	2 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the statements of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and vehicles (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the

Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost.

The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the end of each of the Relevant Periods (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings, amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, the financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is based on the individual or weighted average basis, in the case of work in progress and finished goods, costs comprise direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognized based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of nickel products

Revenue from the sale of nickel products is recognized at the point in time when control of the asset is transferred to the customer, generally on shipment on board incoterms or delivery of goods to the destination specified by the customer.

When the Group is responsible for providing these services (shipping and insurance) to the customer, sometimes after the date at which the Group has lost control of the goods. Revenue related to the provision of shipping-and-insurance activities is recognized overtime as the service is rendered.

Variable consideration

The Group has certain provisionally priced sales where the contract terms for the Group's nickel products sales allow for a price adjustment based on a final assay of the goods determined after discharge. The Group assesses such provisional pricing to be a variable consideration and recognizes revenue at a mostly likely amount. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the sale of products with price adjustment, given that supplier is capable to provide the weight and inspection results at the port of loading. This amount is based on the most recently determined estimate of product assays. The Group applies judgement regarding the likelihood of significant reversals to ensure that revenue is only recognized to the extent that it is highly probable that significant reversal will not occur. Any adjustments to the final price are recognized as revenue.

(b) Sale of equipment

Revenue from the sale of equipment without installation services is recognized at the point in time when control of the asset is transferred to the customer, generally on shipment on board.

In some instances, the sale of equipment includes installation services. The sale of equipment and installation services are considered as one performance obligation since the promises to transfer the equipment and provision of installation services are not capable of being distinct and separately identifiable. Revenue from sale of equipment with installation services is recognized over time, using an input method to measure progress towards complete satisfaction of the service, because the assets generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the performance obligation. In addition to the terms of the contract, the promised consideration is variable and has been partially constrained when the Group intend to offer a price concession to the customer. Such promised consideration is accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to

estimate the amounts of variable consideration because this method best predicts the amount of variable consideration to which the Group will be entitled.

(c) Sale of others

Others include the sale of wastes and shipping services to customers. Revenue from the sale of wastes is recognized at the point in time when control of the asset is transferred to the customer. Revenue related to the provision of shipping services is recognized overtime as the service is rendered.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Contract costs

Other than the costs which are capitalized as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalized as an asset if all of the following criteria are met:

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

The capitalized contract costs are amortized and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share-based payment scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the discounted cash flow method, further details of which are given in note 40 to the Historical Financial Information.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee benefits

Pension schemes

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to profit or loss as incurred.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

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

Post-employment benefits

The Group provides post-employment benefits to its employees in Indonesia in conformity with the requirements of Indonesia's Labor Law No. 13/2003 dated March 25, 2003. The provision for post-employment benefits is determined using the projected-unit-credit actuarial valuation method. Re-measurements, comprising actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss at the earlier of:

- i) The date of the plan amendment or curtailment; and
- ii) The date of the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation in profit or loss:

- i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- ii) Net interest expense or income.

Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The functional currency of the Company is RMB. As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the Historical Financial Information. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Determining the method to estimate variable consideration and assessing the constraint for the sale of nickel products

Contracts for the sale of nickel products include price adjustments subject to the quality and weight of nickel products inspected by independent surveyor at the discharging port that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the sale of products with price adjustment, given that supplier is capable to provide the weight and inspection results at the port of loading. The selected method that better predicts the amount of variable consideration related to price adjustment is

primarily driven by management will not expect material variances between weight and quality results provided by supplier at the port of loading and those inspected at the discharging port.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortized cost, using the lifetime expected loss provision. 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. 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.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial

assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill were approximately nil, nil, RMB218,037,000 and RMB218,037,000 during the Relevant Periods, respectively. Further details are given in note 16.

Fair value measurement of share-based payments

The Company operates a share award plan for the purpose of providing incentives and rewards to employees (including directors). The fair value of the share is determined by discounted cash flow method at the grant dates. Significant estimates on assumptions, including future performance, discount for lack of marketability and discount rate, are made by the board of directors of the Company. Further details are included in note 40 to the financial statements.

Recognition of deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax assets have not been recognized in respect of these losses as they have arisen in companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized. Further details are included in note 30 to the Historical Financial Information.

Write-down of inventories to net realizable value

Write-down of inventories to net realizable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realizable value. The assessment of the provision required involves management's judgment and estimates on which are influenced by assumptions concerning future sales and usage and judgments in determining the

appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed. The carrying amounts of inventories were RMB632,156,000, RMB396,272,000, RMB974,573,000 and RMB1,228,377,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organized into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Mainland China	7,611,512	6,648,087	10,379,462	3,606,910	7,788,705
Others	1,735,922	1,107,087	2,069,856	481,376	2,189,578
	<u>9,347,434</u>	<u>7,755,174</u>	<u>12,449,318</u>	<u>4,088,286</u>	<u>9,978,283</u>

Most of the revenue information above is based on the shipment destinations except for the revenue from shipping services based on where the customer is registered.

(b) Non-current assets

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	1,043,627	1,355,058	1,024,324	1,097,559
Indonesia	—	—	6,529,709	8,352,431
	<u>1,043,627</u>	<u>1,355,058</u>	<u>7,554,033</u>	<u>9,449,990</u>

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

Information about major customers

Revenue from major customers which individually accounted for 10% or more of the Group's revenue during the Relevant Periods and the six months ended June 30, 2021 are set out below:

	Year ended December 31,			Six months ended	
	June 30,				
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Customer A	2,767,840	1,288,327	N/A*	582,471	N/A*
HPL	N/A*	908,302	N/A*	N/A*	N/A**
Customer B	N/A*	865,681	1,545,269	600,173	N/A*
Customer C	N/A*	N/A*	N/A*	N/A*	1,177,044

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the Relevant Periods and the six months ended June 30, 2021.

** HPL became a subsidiary of the Group on November 30, 2021 (note 35(a)).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,			Six months ended	
	June 30,				
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue from contracts with customers	<u>9,347,434</u>	<u>7,755,174</u>	<u>12,449,318</u>	<u>4,088,286</u>	<u>9,978,283</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Types of goods or services					
Sale of nickel products	8,855,733	6,647,554	11,219,560	3,661,099	9,160,938
Sale of equipment	416,855	1,020,232	1,003,392	353,548	671,375
Others	74,846	87,388	226,366	73,639	145,970
	<u>9,347,434</u>	<u>7,755,174</u>	<u>12,449,318</u>	<u>4,088,286</u>	<u>9,978,283</u>
Geographical markets					
Mainland China	7,611,512	6,648,087	10,379,462	3,606,910	7,788,705
Others	1,735,922	1,107,087	2,069,856	481,376	2,189,578
	<u>9,347,434</u>	<u>7,755,174</u>	<u>12,449,318</u>	<u>4,088,286</u>	<u>9,978,283</u>
Timing of revenue recognition					
Goods transferred at a point in time	8,524,400	7,168,259	10,704,552	3,502,378	9,121,870
Services transferred over time	823,034	586,915	1,744,766	585,908	856,413
	<u>9,347,434</u>	<u>7,755,174</u>	<u>12,449,318</u>	<u>4,088,286</u>	<u>9,978,283</u>

The following table shows the amounts of revenue recognized during the Relevant Periods and the six months ended June 30, 2021 that were included in the contract liabilities at the beginning of the Relevant Periods and recognized from performance obligations satisfied in previous periods:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue recognized that was included in contract liabilities at the beginning of the year/period:					
Sale of nickel products	84,494	40,991	43,921	43,921	136,906
Sale of equipment	3,506	196,342	271,182	271,182	138,443
Others	—	3,603	3,332	3,332	21,572
	<u>88,000</u>	<u>240,936</u>	<u>318,435</u>	<u>318,435</u>	<u>296,921</u>

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognized from performance obligations satisfied in previous periods:					
Sale of equipment not previously recognized due to constraints on variable consideration	—	—	—	—	18,519

(Unaudited)

(b) Performance obligations

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

Sale of nickel products

For the sale of nickel products, the performance obligation is satisfied upon shipment on board of nickel products and the contract payment is generally made using letters of credit. For the sales delivered to the destination specified by the customer, the performance obligation is satisfied upon delivery of nickel products to the destination specified by the customer.

The performance obligation of shipping and insurance services in relation to the sale of nickel products is satisfied over time as the service is rendered. The revenue is included in the sale of nickel products.

Sale of equipment

For the sale of equipment, the performance obligation is satisfied upon shipment on board. For some customised equipment, the performance obligation is satisfied over time as the manufacturing and installation progress. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the equipment quality by the customers over a certain period as stipulated in the contracts.

The performance obligation of shipping services in relation to the sale of equipment is satisfied over time as the service is rendered. The revenue is included in the sale of equipment.

Sale of others

For the sale of wastes, the performance obligation is satisfied upon delivery of wastes to buyers and short-term advances are normally required before delivery. The performance obligation of shipping service is satisfied over time as the service is rendered.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at December 31,			As at
	2019	2020	2021	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognized as revenue:				
Within one year	780,003	882,208	1,231,899	1,116,516
After one year	116,374	1,242	—	—
	<u>896,377</u>	<u>883,450</u>	<u>1,231,899</u>	<u>1,116,516</u>

In addition, for the nickel-cobalt compounds produced by the HPAL project, the Group has entered into eight-year long-term offtake agreements with two customers. The offtake agreements specify the customers' commitment to purchase specified quantities (in terms of metal tons of nickel and cobalt) of nickel-cobalt compounds produced by HPL during the agreement period. The agreements also set forth the nickel-cobalt compounds will be priced based on market price.

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to the sales of equipment, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligation are expected to be recognized as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended December 31,			Six months ended	
				June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Other income</u>					
Government grants*	21,341	59,302	80,196	47,024	41,899
Bank interest income	17,458	14,277	14,786	6,981	12,583
Investment income from financial assets at fair value					
through profit or loss	29,140	1,378	141	—	—
Others**	3,007	3,314	6,576	2,103	10,060
	<u>70,946</u>	<u>78,271</u>	<u>101,699</u>	<u>56,108</u>	<u>64,542</u>
<u>Gains</u>					
Gain on disposal of a subsidiary	—	11,085	—	—	—
Gain on step acquisition of subsidiaries					
(note 35(a))***	—	—	282,574	—	—
Changes in fair value of financial assets at fair value					
through profit or loss	—	—	—	—	44,382
Foreign exchange gains, net	—	33,050	40,627	—	—
	<u>—</u>	<u>44,135</u>	<u>323,201</u>	<u>—</u>	<u>44,382</u>
	<u>70,946</u>	<u>122,406</u>	<u>424,900</u>	<u>56,108</u>	<u>108,924</u>

* The amount represents grants received from local PRC government authorities by the Group in connection with certain financial support to local business enterprises for the purpose of encouraging business development.

** Others mainly include sale of discarded low value consumables.

*** The amount represents gain on step acquisition of HPL by the Group on November 30, 2021, which is derived from the remeasurement gain of the 36.9% shareholding interest in HPL previously held by the Group and the reclassification of other comprehensive loss to profit or loss of RMB50,756,000 at the acquisition date (refer to note (c) on page IA – 14).

6. PROFIT BEFORE TAX

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

	Notes	Year ended December 31,			Six months ended	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
Cost of inventories sold*		7,264,563	6,153,477	9,362,704	3,219,269	6,118,972
Depreciation of property, plant and equipment**		211,269	50,238	74,784	29,755	149,195
Depreciation of right-of-use assets*****	14(a)	1,967	3,087	6,794	2,716	10,550
Amortization of intangible assets***	15	264	83	6,702	259	36,547
Government grants	5	(21,341)	(59,302)	(80,196)	(47,024)	(41,899)
Bank interest income	5	(17,458)	(14,277)	(14,786)	(6,981)	(12,583)
Loss on disposal of items of property, plant and equipment		15	2,424	9,020	8,486	2,743
Gain on disposal of a subsidiary	34	—	(11,085)	—	—	—
Gain on step acquisition of subsidiaries		—	—	(282,574)	—	—
Impairment of trade receivables, net	20	(220)	(375)	4,267	1,581	2,539
Impairment of other receivables, net	21	1,032	260	(95)	—	146
Lease payments not included in the measurement of lease liabilities	14(c)	1,605	2,599	19,990	1,747	9,778
Foreign exchange differences, net		12,619	(33,050)	(40,627)	5,091	15,829
Auditor's remuneration		308	1,134	2,080	702	457
Listing expenses		—	—	1,083	—	1,519
Changes in fair value of financial assets and liabilities at fair value through profit or loss		—	—	6,771	4,196	(44,382)
Investment (income)/loss from financial assets at fair value through profit or loss, net		(29,140)	8,784	41,075	31,279	87,078
Employee benefit expense (excluding directors' and supervisors' remuneration (note 8)):						
Wages and salaries		133,552	160,341	305,697	106,753	375,923
Pension scheme contributions****		16,204	5,074	22,951	10,094	20,403
Staff welfare expenses		12,646	6,851	12,618	5,973	12,820
		<u>162,402</u>	<u>172,266</u>	<u>341,266</u>	<u>122,820</u>	<u>409,146</u>

- * The cost of inventories sold includes RMB68,844,000, RMB47,344,000, RMB89,532,000, RMB134,160,000 and RMB32,164,000 relating to staff costs during the Relevant Periods and the six months ended June 30, 2021, which are also included in “Employee benefit expense” disclosed above.
- ** The depreciation of property, plant and equipment is included in “Cost of sales”, “Selling and distribution expenses” and “Administrative expenses” on the face of the consolidated statements of profit or loss and other comprehensive income.
- *** The amortization of intangible assets is included in “Selling expense” and “Administrative expenses” on the face of the consolidated statements of profit or loss and other comprehensive income.
- **** At December 31, 2019, 2020 and 2021 and June 30, 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.
- ***** The depreciation of right-of-use assets is included in “Cost of sales” and “Administrative expenses” on the face of the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on bank borrowings	59,513	38,599	79,556	23,847	132,449
Interest on other borrowings	6,955	3,384	5,077	1,530	2,783
Interest on lease liabilities (<i>note 14(c)</i>)	91	193	244	89	1,409
	66,559	42,176	84,877	25,466	136,641
Less: Interest capitalized	—	—	(5,552)	—	(28,124)
Total	<u>66,559</u>	<u>42,176</u>	<u>79,325</u>	<u>25,466</u>	<u>108,517</u>

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Certain of the directors received remuneration from subsidiaries for their appointment as directors of the subsidiaries. The remuneration of the directors and supervisors as recorded is set out below:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fees	—	—	66	—	450
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	6,278	10,632	50,533	5,989	37,671
Pension scheme contributions	125	10	123	62	82
	<u>6,403</u>	<u>10,642</u>	<u>50,656</u>	<u>6,051</u>	<u>37,753</u>
	<u>6,403</u>	<u>10,642</u>	<u>50,722</u>	<u>6,051</u>	<u>38,203</u>

(a) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Dr. HE Wanpeng ⁽¹⁾	—	—	22	—	150
Ms. ZHANG Zhengping ⁽¹⁾	—	—	22	—	150
Dr. WANG James Jixian ⁽¹⁾	—	—	22	—	150
	—	—	66	—	450
	<u>—</u>	<u>—</u>	<u>66</u>	<u>—</u>	<u>450</u>

(1) Dr. HE Wanpeng, Ms. ZHANG Zhengping and Dr. WANG James Jixian were appointed as independent non-executive directors on December 7, 2021 and were redesignated as independent non-executive directors on December 16, 2021.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended June 30, 2021.

(b) Executive directors, a non-executive director and supervisors

Executive directors

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remune- ration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2019			
Mr. CAI Jianyong ⁽²⁾	965	18	983
Mr. JIANG Xinfang ⁽³⁾	154	23	177
Ms. FEI Feng ⁽⁴⁾	952	17	969
Mr. CAI Jianwei ⁽⁴⁾	962	17	979
Mr. YU Weijun ⁽⁴⁾	977	13	990
	<u>4,010</u>	<u>88</u>	<u>4,098</u>
Year ended December 31, 2020			
Mr. CAI Jianyong ⁽²⁾	889	2	891
Mr. JIANG Xinfang ⁽³⁾	4,169	2	4,171
Ms. FEI Feng ⁽⁴⁾	877	1	878
Mr. CAI Jianwei ⁽⁴⁾	879	1	880
Mr. YU Weijun ⁽⁴⁾	1,039	1	1,040
	<u>7,853</u>	<u>7</u>	<u>7,860</u>
Year ended December 31, 2021			
Mr. CAI Jianyong ⁽²⁾	8,455	18	8,473
Mr. JIANG Xinfang ⁽³⁾	8,704	21	8,725
Ms. FEI Feng ⁽⁴⁾	5,445	17	5,462
Mr. CAI Jianwei ⁽⁴⁾	11,044	17	11,061
Mr. YU Weijun ⁽⁴⁾	1,253	13	1,266
	<u>34,901</u>	<u>86</u>	<u>34,987</u>
Six months ended June 30, 2021 (Unaudited)			
Mr. CAI Jianyong ⁽²⁾	206	9	215
Mr. JIANG Xinfang ⁽³⁾	4,125	11	4,136
Ms. FEI Feng ⁽⁴⁾	200	8	208
Mr. CAI Jianwei ⁽⁴⁾	202	8	210
Mr. YU Weijun ⁽⁴⁾	167	7	174
	<u>4,900</u>	<u>43</u>	<u>4,943</u>
Six months ended June 30, 2022			
Mr. CAI Jianyong ⁽²⁾	9,052	12	9,064
Mr. JIANG Xinfang ⁽³⁾	6,358	11	6,369
Ms. FEI Feng ⁽⁴⁾	4,307	11	4,318
Mr. CAI Jianwei ⁽⁴⁾	6,872	11	6,883
Mr. YU Weijun ⁽⁴⁾	1,971	10	1,981
	<u>28,560</u>	<u>55</u>	<u>28,615</u>

Non-executive director

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remune- ration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2021			
Mr. Lawrence Lua Gek Pong ⁽⁵⁾	22	—	22
Six months ended June 30, 2021 (Unaudited)			
Mr. Lawrence Lua Gek Pong ⁽⁵⁾	—	—	—
Six months ended June 30, 2022			
Mr. Lawrence Lua Gek Pong ⁽⁵⁾	150	—	150

Supervisors

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remune- ration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2019			
Mr. GE Kaicai ⁽⁶⁾	925	13	938
Mr. DONG Dong ⁽⁶⁾	938	13	951
Ms. HU Zhinong ⁽⁶⁾	405	11	416
	<u>2,268</u>	<u>37</u>	<u>2,305</u>
Year ended December 31, 2020			
Mr. GE Kaicai ⁽⁶⁾	1,557	1	1,558
Mr. DONG Dong ⁽⁶⁾	853	1	854
Ms. HU Zhinong ⁽⁶⁾	369	1	370
	<u>2,779</u>	<u>3</u>	<u>2,782</u>
Year ended December 31, 2021			
Mr. GE Kaicai ⁽⁶⁾	3,539	13	3,552
Mr. DONG Dong ⁽⁶⁾	11,639	13	11,652
Ms. HU Zhinong ⁽⁶⁾	432	11	443
	<u>15,610</u>	<u>37</u>	<u>15,647</u>
Six months ended June 30, 2021 (Unaudited)			
Mr. GE Kaicai ⁽⁶⁾	792	7	799
Mr. DONG Dong ⁽⁶⁾	184	7	191
Ms. HU Zhinong ⁽⁶⁾	113	5	118
	<u>1,089</u>	<u>19</u>	<u>1,108</u>

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remune- ration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended June 30, 2022			
Mr. GE Kaicai ⁽⁶⁾	2,397	10	2,407
Mr. DONG Dong ⁽⁶⁾	6,147	10	6,157
Ms. HU Zhinong ⁽⁶⁾	<u>417</u>	<u>7</u>	<u>424</u>
	<u>8,961</u>	<u>27</u>	<u>8,988</u>

- (2) Mr. CAI Jianyong was the founder of the Group, chairman of the board and director of the Company. He was redesignated as an executive director on December 16, 2021.
- (3) Mr. JIANG Xinfang was the general manager of the Company. He was appointed as a director on September 16, 2021, and then was redesignated as an executive director on December 16, 2021.
- (4) Ms. FEI Feng, Mr. CAI Jianwei and Mr. YU Weijun were deputy general managers of the Company. They were appointed as directors on September 16, 2021, and then were redesignated as executive directors on December 16, 2021.
- (5) Mr. Lawrence Lua Gek Pong was appointed as a director of the Company on December 7, 2021, and then was redesignated as a non-executive director on December 16, 2021.
- (6) Mr. GE Kaicai, Mr. DONG Dong and Ms. HU Zhinong were senior management of the Group. They were appointed as supervisors on September 16, 2021.

* The Company did not have chief executive during the Relevant Periods and the six months ended June 30, 2021.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and the six months ended June 30, 2021. During the Relevant Periods and the six months ended June 30, 2021, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended June 30, 2021 included one, one, four, three and one directors, and nil, nil, one, two and one supervisors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four, four, nil, nil and three highest paid employees who are neither a director nor a supervisor of the Company during the Relevant Periods and the six months ended June 30, 2021 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	7,026	8,338	—	1,636	—
Pension scheme contributions	136	150	—	63	—
	<u>7,162</u>	<u>8,488</u>	<u>—</u>	<u>1,699</u>	<u>—</u>

(Unaudited)

The numbers of non-director, non-chief executive and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
Nil to HK\$500,000	—	—	—	2	—
HK\$500,001 to HK\$1,000,000	—	—	—	—	—
HK\$1,000,001 to HK\$1,500,000	2	—	—	1	—
HK\$1,500,001 to HK\$2,000,000	1	2	—	—	—
HK\$2,000,001 to HK\$2,500,000	—	1	—	—	—
HK\$2,500,001 to HK\$3,000,000	—	—	—	—	—
HK\$3,000,001 to HK\$3,500,000	—	—	—	—	—
HK\$3,500,001 to HK\$4,000,000	1	—	—	—	—
HK\$4,000,001 to HK\$4,500,000	—	1	—	—	—
	<u>4</u>	<u>4</u>	<u>—</u>	<u>3</u>	<u>—</u>

10. 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.

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the companies which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. A preferential tax treatment is available to a subsidiary of the Company, since it was recognized as a High and New Technology Enterprise on December 2, 2019, and was entitled to a preferential tax rate of 15% during the Relevant Periods.

Indonesia

Pursuant to the Corporate Income Tax Law of Indonesia and the respective regulations (the “CIT Law”), the companies which operate in Indonesia are subject to CIT at a rate of 25% on the taxable income. On March 31, 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, a reduction of the tax rates for corporate income tax payers and entities with permanent establishment from previously 25% to 22% for the fiscal years 2020 and 2021 and 20% starting the fiscal year 2022 and onwards, and a further reduction of 3% for corporate income tax payers that fulfil certain criteria. Subsequently, on November 7, 2021, the Government ratified the Tax Regulation Harmonization Law/Undang-Undang Harmonisasi Peraturan Perpajakan (“UU HPP”). The UU HPP reinstated the corporate income tax rate of 22%.

Based on the Decree of the Minister of Finance of the Republic of Indonesia number 721/KMK.03/2018 concerning Corporate Income Tax Reduction Facility to HPL dated November 1, 2018, HPL was granted a 100% corporate income tax reduction for 10 fiscal years and an additional 50% corporate income tax reduction for the following 2 fiscal years.

The income tax expense of the Group during the Relevant Periods and the six months ended June 30, 2021 is analyzed as follows:

	<u>Year ended December 31,</u>			<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Current tax:					
Charge for the year/period	248,997	183,681	200,921	54,334	116,757
Deferred tax (note 30)	(30,627)	(1,616)	(21,747)	(5,643)	(13,861)
Total tax expense for the year/period	<u>218,370</u>	<u>182,065</u>	<u>179,174</u>	<u>48,691</u>	<u>102,896</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before tax	<u>785,096</u>	<u>700,403</u>	<u>1,439,137</u>	<u>137,647</u>	<u>2,392,519</u>
Tax at the statutory tax rate of 25%	196,274	175,101	359,784	34,412	598,130
Preferential tax rates enacted by local authority	(5,344)	(1,554)	(89,775)	(2,959)	(512,042)
Expenses not deductible for tax	965	2,246	2,950	1,329	2,862
Additional deductible allowance for research and development costs	(120)	(182)	(590)	(328)	(705)
Tax losses utilized from previous periods	—	—	(938)	(777)	—
Profits and losses attributable to associates	5,141	9,859	(29,729)	12,978	6,271
Gain on step acquisition of subsidiaries	—	—	(70,643)	—	—
Income not subject to tax related to gain on disposal of a subsidiary	—	(11,386)	—	—	—
Effect of withholding tax on the distributable profit of foreign subsidiaries of the Company	2,566	2,491	2,201	1,644	(645)
Tax losses not recognized	1,949	5,225	5,914	2,392	8,506
Temporary differences not recognized	<u>16,939</u>	<u>265</u>	<u>—</u>	<u>—</u>	<u>519</u>
Tax charge at the Group's effective tax rate	<u>218,370</u>	<u>182,065</u>	<u>179,174</u>	<u>48,691</u>	<u>102,896</u>

The share of tax attributable to associates were nil, nil, nil, nil and nil due to the 100% corporate income tax reduction in Indonesia during the Relevant Periods and the six months ended June 30, 2021.

11. DIVIDENDS

On December 12, 2019, the Company declared a cash dividend of RMB300,000,000 to the shareholder of the Company, Zhejiang Lygend Investment Co., Ltd. ("Lygend Investment"). The dividends of RMB242,517,000 have been settled by offsetting against the amounts due from the ultimate holding company, Lygend Investment, and the rest has been fully paid by December 2020.

On November 26, 2020, the Company declared a cash dividend of RMB190,000,000 to the shareholders of the Company. The dividends of RMB130,676,000 have been paid by December 2020 and the rest has been fully paid by December 2021.

On August 1, 2021, the Company declared a cash dividend of RMB845,750,000 to the shareholders of the Company, among which RMB778,689,000 has been paid in 2021, and RMB67,061,000 has been paid in the six months ended June 30, 2022.

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

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 508,000,000, 508,000,000, 650,333,069, 1,317,768,750 and 508,000,000 in issue during the Relevant Periods and the six months ended June 30, 2021, respectively. The weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 upon transformation into a joint stock company in September 2021 (note 32).

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods and the six months ended June 30, 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the six months ended June 30, 2021.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Plant and machinery	Electronic and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2019							
At January 1, 2019:							
Cost	197,754	583,563	34,876	18,424	275	281	835,173
Accumulated depreciation ...	(47,069)	(233,705)	(24,821)	(8,222)	(31)	—	(313,848)
Accumulated impairment ...	—	(36,575)	(521)	(67)	—	—	(37,163)
Net carrying amount	<u>150,685</u>	<u>313,283</u>	<u>9,534</u>	<u>10,135</u>	<u>244</u>	<u>281</u>	<u>484,162</u>
At January 1, 2019, net of							
accumulated depreciation ...	150,685	313,283	9,534	10,135	244	281	484,162
Additions	65	2,870	2,264	2,937	—	29,317	37,453
Disposals	—	—	(16)	(413)	—	—	(429)
Transfers	—	25,109	—	—	—	(25,109)	—
Depreciation provided during the year (note 6)	<u>(27,377)</u>	<u>(177,347)</u>	<u>(3,482)</u>	<u>(2,971)</u>	<u>(92)</u>	<u>—</u>	<u>(211,269)</u>
At December 31, 2019, net of accumulated depreciation and impairment							
	<u>123,373</u>	<u>163,915</u>	<u>8,300</u>	<u>9,688</u>	<u>152</u>	<u>4,489</u>	<u>309,917</u>
At December 31, 2019:							
Cost	197,819	611,542	37,118	19,735	275	4,489	870,978
Accumulated depreciation ...	(74,446)	(411,052)	(28,297)	(9,980)	(123)	—	(523,898)
Accumulated impairment ...	—	(36,575)	(521)	(67)	—	—	(37,163)
Net carrying amount	<u>123,373</u>	<u>163,915</u>	<u>8,300</u>	<u>9,688</u>	<u>152</u>	<u>4,489</u>	<u>309,917</u>

	Buildings	Plant and machinery	Electronic and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2020							
At January 1, 2020:							
Cost	197,819	611,542	37,118	19,735	275	4,489	870,978
Accumulated depreciation ...	(74,446)	(411,052)	(28,297)	(9,980)	(123)	—	(523,898)
Accumulated impairment	—	(36,575)	(521)	(67)	—	—	(37,163)
Net carrying amount	<u>123,373</u>	<u>163,915</u>	<u>8,300</u>	<u>9,688</u>	<u>152</u>	<u>4,489</u>	<u>309,917</u>
At January 1, 2020,							
net of accumulated							
depreciation	123,373	163,915	8,300	9,688	152	4,489	309,917
Additions	1,852	3,968	1,022	1,050	451	75,551	83,894
Disposals	—	(2,612)	(390)	(970)	—	—	(3,972)
Disposal of a subsidiary							
(note 34)	(25,046)	(3,652)	(135)	(871)	—	—	(29,704)
Transfers	4,794	75,018	—	—	—	(79,812)	—
Depreciation provided during							
the year (note 6)	<u>(10,777)</u>	<u>(35,079)</u>	<u>(1,842)</u>	<u>(2,298)</u>	<u>(242)</u>	<u>—</u>	<u>(50,238)</u>
At December 31, 2020,							
net of accumulated							
depreciation and							
impairment	<u>94,196</u>	<u>201,558</u>	<u>6,955</u>	<u>6,599</u>	<u>361</u>	<u>228</u>	<u>309,897</u>
At December 31, 2020:							
Cost	148,237	372,406	20,311	14,424	726	228	556,332
Accumulated depreciation ...	(54,041)	(170,848)	(13,356)	(7,825)	(365)	—	(246,435)
Net carrying amount	<u>94,196</u>	<u>201,558</u>	<u>6,955</u>	<u>6,599</u>	<u>361</u>	<u>228</u>	<u>309,897</u>

	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Electronic and office equipment</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2021							
At January 1, 2021:							
Cost	148,237	372,406	20,311	14,424	726	228	556,332
Accumulated depreciation	(54,041)	(170,848)	(13,356)	(7,825)	(365)	—	(246,435)
Net carrying amount	<u>94,196</u>	<u>201,558</u>	<u>6,955</u>	<u>6,599</u>	<u>361</u>	<u>228</u>	<u>309,897</u>
At January 1, 2021, net of accumulated							
depreciation	94,196	201,558	6,955	6,599	361	228	309,897
Additions	—	1,528	1,392	10,768	—	276,353	290,041
Disposals	(1,937)	(8,906)	(290)	(182)	—	—	(11,315)
Acquisition of subsidiaries (note 35)	2,164,161	2,346,745	5,487	104,941	—	643,960	5,265,294
Exchange realignment ...	(1,149)	(1,217)	(4)	(37)	—	(373)	(2,780)
Transfers	4,457	28,202	—	—	—	(32,659)	—
Depreciation provided during the year	<u>(24,955)</u>	<u>(45,047)</u>	<u>(1,160)</u>	<u>(4,629)</u>	<u>(287)</u>	<u>—</u>	<u>(76,078)</u>
At December 31, 2021, net of accumulated depreciation and impairment							
	<u>2,234,773</u>	<u>2,522,863</u>	<u>12,380</u>	<u>117,460</u>	<u>74</u>	<u>887,509</u>	<u>5,775,059</u>
At December 31, 2021:							
Cost	2,373,358	2,806,604	26,806	161,189	726	887,509	6,256,192
Accumulated depreciation	(138,585)	(283,741)	(14,426)	(43,729)	(652)	—	(481,133)
Net carrying amount	<u>2,234,773</u>	<u>2,522,863</u>	<u>12,380</u>	<u>117,460</u>	<u>74</u>	<u>887,509</u>	<u>5,775,059</u>

	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Electronic and office equipment</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
June 30, 2022							
At January 1, 2022:							
Cost	2,373,358	2,806,604	26,806	161,189	726	887,509	6,256,192
Accumulated depreciation	(138,585)	(283,741)	(14,426)	(43,729)	(652)	—	(481,133)
Net carrying amount	<u>2,234,773</u>	<u>2,522,863</u>	<u>12,380</u>	<u>117,460</u>	<u>74</u>	<u>887,509</u>	<u>5,775,059</u>
At January 1, 2022, net of accumulated							
depreciation	2,234,773	2,522,863	12,380	117,460	74	887,509	5,775,059
Additions	35	15,317	5,072	94,762	4,186	1,347,679	1,467,051
Disposals	(1,674)	(389)	(849)	(356)	—	—	(3,268)
Acquisition of a subsidiary (note 35) ...	—	—	7	—	—	—	7
Exchange realignment ...	111,601	120,257	264	5,479	—	43,366	280,967
Transfers	—	3,021	—	—	—	(3,021)	—
Depreciation provided during the period	(60,567)	(111,962)	(2,561)	(13,852)	(75)	—	(189,017)
At June 30, 2022, net of accumulated depreciation and impairment							
	<u>2,284,168</u>	<u>2,549,107</u>	<u>14,313</u>	<u>203,493</u>	<u>4,185</u>	<u>2,275,533</u>	<u>7,330,799</u>
At June 30, 2022:							
Cost	2,488,017	2,949,586	30,624	263,176	4,637	2,275,533	8,011,573
Accumulated depreciation	(203,849)	(400,479)	(16,311)	(59,683)	(452)	—	(680,774)
Net carrying amount	<u>2,284,168</u>	<u>2,549,107</u>	<u>14,313</u>	<u>203,493</u>	<u>4,185</u>	<u>2,275,533</u>	<u>7,330,799</u>

Certain of the Group's buildings with a net carrying amount of approximately RMB37,688,000, RMB82,719,000, RMB1,707,633,000 and RMB1,731,185,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively, were pledged to secure bank loans (note 27).

Certain of the Group's plant and machinery, electronic and office equipment, motor vehicles and construction in progress with a net carrying amount of approximately RMB2,163,771,000 and RMB2,213,344,000 as at December 31, 2021 and June 30, 2022, respectively, were pledged to secure bank loans (note 27).

As at June 30, 2022, certain of the Group's buildings have not obtained the relevant building ownership certificates.

Company

	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Electronic and office equipment</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2019							
At January 1, 2019:							
Cost	29,428	252	488	7,614	—	281	38,063
Accumulated depreciation	<u>(8,676)</u>	<u>(178)</u>	<u>(414)</u>	<u>(2,927)</u>	<u>—</u>	<u>—</u>	<u>(12,195)</u>
Net carrying amount	<u>20,752</u>	<u>74</u>	<u>74</u>	<u>4,687</u>	<u>—</u>	<u>281</u>	<u>25,868</u>
At January 1, 2019, net of accumulated							
depreciation	20,752	74	74	4,687	—	281	25,868
Additions	65	45	623	1,649	—	4,203	6,585
Disposals	—	—	—	(114)	—	—	(114)
Depreciation provided during the year	<u>(1,398)</u>	<u>(63)</u>	<u>(374)</u>	<u>(1,257)</u>	<u>—</u>	<u>—</u>	<u>(3,092)</u>
At December 31, 2019, net of accumulated							
depreciation and impairment	<u>19,419</u>	<u>56</u>	<u>323</u>	<u>4,965</u>	<u>—</u>	<u>4,484</u>	<u>29,247</u>
At December 31, 2019:							
Cost	29,493	297	1,111	8,919	—	4,484	44,304
Accumulated depreciation	<u>(10,074)</u>	<u>(241)</u>	<u>(788)</u>	<u>(3,954)</u>	<u>—</u>	<u>—</u>	<u>(15,057)</u>
Net carrying amount	<u>19,419</u>	<u>56</u>	<u>323</u>	<u>4,965</u>	<u>—</u>	<u>4,484</u>	<u>29,247</u>

	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Electronic and office equipment</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2020							
At January 1, 2020:							
Cost	29,493	297	1,111	8,919	—	4,484	44,304
Accumulated depreciation	<u>(10,074)</u>	<u>(241)</u>	<u>(788)</u>	<u>(3,954)</u>	—	—	<u>(15,057)</u>
Net carrying amount	<u>19,419</u>	<u>56</u>	<u>323</u>	<u>4,965</u>	—	<u>4,484</u>	<u>29,247</u>
At January 1, 2020,							
net of accumulated depreciation	19,419	56	323	4,965	—	4,484	29,247
Additions	1,852	—	537	—	—	—	2,389
Disposals	—	—	—	(285)	—	—	(285)
Transfers	4,484	—	—	—	—	(4,484)	—
Depreciation provided during the year	<u>(2,669)</u>	<u>(27)</u>	<u>(533)</u>	<u>(1,235)</u>	—	—	<u>(4,464)</u>
At December 31, 2020,							
net of accumulated depreciation and impairment	<u>23,086</u>	<u>29</u>	<u>327</u>	<u>3,445</u>	—	—	<u>26,887</u>
At December 31, 2020:							
Cost	35,829	297	1,648	8,305	—	—	46,079
Accumulated depreciation	<u>(12,743)</u>	<u>(268)</u>	<u>(1,321)</u>	<u>(4,860)</u>	—	—	<u>(19,192)</u>
Net carrying amount	<u>23,086</u>	<u>29</u>	<u>327</u>	<u>3,445</u>	—	—	<u>26,887</u>

	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Electronic and office equipment</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2021							
At January 1, 2021:							
Cost	35,829	297	1,648	8,305	—	—	46,079
Accumulated depreciation	<u>(12,743)</u>	<u>(268)</u>	<u>(1,321)</u>	<u>(4,860)</u>	—	—	<u>(19,192)</u>
Net carrying amount	<u>23,086</u>	<u>29</u>	<u>327</u>	<u>3,445</u>	—	—	<u>26,887</u>
At January 1, 2021, net of							
accumulated depreciation	23,086	29	327	3,445	—	—	26,887
Additions	—	—	962	619	—	—	1,581
Disposals	—	—	—	(21)	—	—	(21)
Depreciation provided during the year	<u>(2,760)</u>	<u>(15)</u>	<u>(170)</u>	<u>(1,216)</u>	—	—	<u>(4,161)</u>
At December 31, 2021,							
net of accumulated depreciation and impairment	<u>20,326</u>	<u>14</u>	<u>1,119</u>	<u>2,827</u>	—	—	<u>24,286</u>
At December 31, 2021:							
Cost	35,829	297	2,610	8,494	—	—	47,230
Accumulated depreciation	<u>(15,503)</u>	<u>(283)</u>	<u>(1,491)</u>	<u>(5,667)</u>	—	—	<u>(22,944)</u>
Net carrying amount	<u>20,326</u>	<u>14</u>	<u>1,119</u>	<u>2,827</u>	—	—	<u>24,286</u>

	Buildings	Plant and machinery	Electronic and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
June 30, 2022							
At January 1, 2022:							
Cost	35,829	297	2,610	8,494	—	—	47,230
Accumulated depreciation	<u>(15,503)</u>	<u>(283)</u>	<u>(1,491)</u>	<u>(5,667)</u>	<u>—</u>	<u>—</u>	<u>(22,944)</u>
Net carrying amount	<u>20,326</u>	<u>14</u>	<u>1,119</u>	<u>2,827</u>	<u>—</u>	<u>—</u>	<u>24,286</u>
At January 1, 2022, net of							
accumulated depreciation	20,326	14	1,119	2,827	—	—	24,286
Additions	—	—	436	—	—	2,709	3,145
Depreciation provided during the period	<u>(1,218)</u>	<u>—</u>	<u>(213)</u>	<u>(592)</u>	<u>—</u>	<u>—</u>	<u>(2,023)</u>
At June 30, 2022,							
net of accumulated depreciation and impairment	<u>19,108</u>	<u>14</u>	<u>1,342</u>	<u>2,235</u>	<u>—</u>	<u>2,709</u>	<u>25,408</u>
At June 30, 2022:							
Cost	35,829	297	3,046	8,494	—	2,709	50,375
Accumulated depreciation	<u>(16,721)</u>	<u>(283)</u>	<u>(1,704)</u>	<u>(6,259)</u>	<u>—</u>	<u>—</u>	<u>(24,967)</u>
Net carrying amount	<u>19,108</u>	<u>14</u>	<u>1,342</u>	<u>2,235</u>	<u>—</u>	<u>2,709</u>	<u>25,408</u>

Certain of the Company's buildings with a net carrying amount of approximately RMB12,514,000, RMB11,606,000, RMB10,698,000 and RMB10,244,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively, were pledged to secure bank loans (note 27).

14. LEASES

The Group and the Company as a lessee

The Group has lease contracts for office premises, warehouses and vessels used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises, warehouses and vessels generally have lease terms between 1 and 7 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are no lease contracts that include extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group's and the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

Group

	Vessels	Leasehold land	Office premises and warehouses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2019	—	38,817	2,546	41,363
Additions	—	—	3,926	3,926
Depreciation charge (note 6)	—	(932)	(1,035)	(1,967)
As at December 31, 2019 and January 1, 2020	—	37,885	5,437	43,322
Additions	—	—	3,753	3,753
Depreciation charge (note 6)	—	(505)	(2,582)	(3,087)
Disposal of a subsidiary (note 34)	—	(19,599)	—	(19,599)
As at December 31, 2020 and January 1, 2021	—	17,781	6,608	24,389
Additions	—	71,066	7,676	78,742
Acquisition of subsidiaries (note 35)	2,963	—	—	2,963
Exchange realignment	1	—	—	1
Depreciation charge (note 6)	(230)	(1,475)	(5,089)	(6,794)
As at December 31, 2021 and January 1, 2022	2,734	87,372	9,195	99,301
Additions	—	—	63,434	63,434
Exchange realignment	99	—	—	99
Depreciation charge (note 6)	(1,394)	(915)	(8,241)	(10,550)
As at June 30, 2022	<u>1,439</u>	<u>86,457</u>	<u>64,388</u>	<u>152,284</u>

Company

	Office premises and warehouses
	<i>RMB '000</i>
As at January 1, 2019 and December 31, 2019 and January 1, 2020	—
Additions	<u>192</u>
As at December 31, 2020 and January 1, 2021	192
Depreciation charge	<u>(192)</u>
As at December 31, 2021 and January 1, 2022	<u>—</u>
Additions	1,044
Depreciation charge	<u>(26)</u>
As at June 30, 2022	<u>1,018</u>

(b) Lease liabilities

Group

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended December 31,			Six months ended
	2019			June 30,
	2019	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Carrying amount at January 1,	2,066	5,092	5,164	10,867
New leases	3,926	3,753	7,676	63,434
Accretion of interest recognized during the year/period	91	193	244	1,409
Acquisition of subsidiaries (note 35)	—	—	2,963	—
Exchange realignment	—	—	126	153
Payments	<u>(991)</u>	<u>(3,874)</u>	<u>(5,306)</u>	<u>(9,621)</u>
Carrying amount at the end of the year/period	<u>5,092</u>	<u>5,164</u>	<u>10,867</u>	<u>66,242</u>
Analyzed into:				
Current portion	2,456	3,204	8,638	13,557
Non-current portion	<u>2,636</u>	<u>1,960</u>	<u>2,229</u>	<u>52,685</u>

The maturity analysis of lease liabilities is disclosed in note 43 to the Historical Financial Information.

Company

	Office premised and warehouses
	<i>RMB'000</i>
As at January 1, 2022	—
New leases	1,044
Accretion of interest recognized during the period	2
Payments	<u>(377)</u>
Carrying amount at the end of the period	<u>669</u>
Analyzed into:	
Current portion	320
Non-current portion	<u>349</u>

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Interest on lease liabilities (note 7)	91	193	244	89	1,409
Depreciation charge of right-of-use assets	1,967	3,087	6,794	2,716	10,550
Expense relating to short-term leases (included in cost of sales, administrative expenses and selling expenses) (note 6)	<u>1,605</u>	<u>2,599</u>	<u>19,990</u>	<u>1,747</u>	<u>9,778</u>
Total amount recognized in profit or loss	<u>3,663</u>	<u>5,879</u>	<u>27,028</u>	<u>4,552</u>	<u>21,737</u>

(d) The total cash outflow for leases is disclosed in note 36(c) to the Historical Financial Information.

Certain of the Group's leasehold land with net carrying amounts of approximately RMB19,694,000, RMB17,781,000, RMB17,373,000 and RMB86,813,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively, was pledged to secure bank loans (note 27).

15. INTANGIBLE ASSETS

Group

	<u>Software</u>
	<i>RMB'000</i>
December 31, 2019	
At January 1, 2019:	
Cost	—
Accumulated amortization	—
Net carrying amount	<u>—</u>
Cost at January 1, 2019, net of accumulated amortization	—
Additions	443
Amortization provided during the year (note 6)	<u>(264)</u>
At December 31, 2019, net of accumulated amortization	<u>179</u>
At December 31, 2019:	
Cost	443
Accumulated amortization	<u>(264)</u>
Net carrying amount	<u>179</u>
December 31, 2020	
At January 1, 2020:	
Cost	443
Accumulated amortization	<u>(264)</u>
Net carrying amount	<u>179</u>
Cost at January 1, 2020, net of accumulated amortization	179
Additions	2,378
Amortization provided during the year (note 6)	<u>(83)</u>
At December 31, 2020, net of accumulated amortization	<u>2,474</u>
At December 31, 2020:	
Cost	2,821
Accumulated amortization	<u>(347)</u>
Net carrying amount	<u>2,474</u>

	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2021			
At January 1, 2021:			
Cost	—	2,821	2,821
Accumulated amortization	—	(347)	(347)
Net carrying amount	<u>—</u>	<u>2,474</u>	<u>2,474</u>
Cost at January 1, 2021, net of accumulated amortization	—	2,474	2,474
Additions	—	2,503	2,503
Acquisition of subsidiaries (note 35)	529,490*	—	529,490
Amortization provided during the year (note 6)	(5,946)	(756)	(6,702)
Exchange realignment	(241)	—	(241)
At December 31, 2021, net of accumulated amortization	<u>523,303</u>	<u>4,221</u>	<u>527,524</u>
At December 31, 2021:			
Cost	529,183	5,324	534,507
Accumulated amortization	(5,880)	(1,103)	(6,983)
Net carrying amount	<u>523,303</u>	<u>4,221</u>	<u>527,524</u>
June 30, 2022			
At January 1, 2022:			
Cost	529,183	5,324	534,507
Accumulated amortization	(5,880)	(1,103)	(6,983)
Net carrying amount	<u>523,303</u>	<u>4,221</u>	<u>527,524</u>
Cost at January 1, 2022, net of accumulated amortization	523,303	4,221	527,524
Additions	—	1,639	1,639
Amortization provided during the period (note 6)	(35,999)	(548)	(36,547)
Exchange realignment	26,416	—	26,416
At June 30, 2022, net of accumulated amortization	<u>513,720</u>	<u>5,312</u>	<u>519,032</u>
At June 30, 2022:			
Cost	557,046	6,963	564,009
Accumulated amortization	(43,326)	(1,651)	(44,977)
Net carrying amount	<u>513,720</u>	<u>5,312</u>	<u>519,032</u>

* Customer relationship represents eight-year long-term offtake agreements with customers upon nickel-cobalt compounds.

16. GOODWILL

	<u>As at December 31, 2021</u>	<u>As at June 30, 2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Cost and carrying amount at beginning of year/period	—	218,037
Acquisition of subsidiaries (note 35)	<u>218,037</u>	<u>—</u>
Cost and net carrying amount at end of year/period	<u>218,037</u>	<u>218,037</u>

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the HPL cash-generating unit mainly engaged in smelting and production for impairment testing:

The recoverable amount of HPL cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The budgeted gross margins applied to the cash flow projections, the terminal growth rate and pre-tax discount rate used to extrapolate the cash flows of HPL cash-generating units beyond the five-year period are as follows:

	<u>As at December 31, 2021</u>
	%
Budgeted gross margin	37 - 40
Terminal growth rate	—
Pre-tax discount rate	<u>20.4</u>

The calculation of value in use is based on the following assumptions:

Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year immediately before the budget year, changed for expected market development.

Pre-tax discount rate — the rate reflect management's estimate of the risks specific to the unit.

Terminal growth rate — the rate is based on the historical data in the same industry and management's expectation of the future market.

The values assigned to the key assumptions on budgeted gross margin, pre-tax discount rate and terminal growth rate are consistent with management's past experience and external information sources.

As at December 31, 2021, the recoverable amount of HPL cash-generating unit to which goodwill is allocated exceeded its carrying amount by RMB746,986,000.

If the pre-tax discount rate rose to 22.3%, or the gross margin decreased to the range between 34% to 37%, the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the cash-generating unit. With regard to the assessment of the value in use of the cash-generating unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the cash-generating unit to exceed the recoverable amount. The management of the Group determined that no impairment of goodwill should be recognized for the HPL cash-generating as of December 31, 2021.

HKAS 36 requires an entity to perform impairment tests on goodwill on an annual basis. Meanwhile, the management did not identify any significant adverse changes in the operating results and macro environment in the six months ended June 30, 2022, and the Company's management has concluded there was no impairment indicator of goodwill at June 30, 2022. Accordingly, the management did not perform impairment testing on goodwill as at June 30, 2022.

17. INTERESTS IN JOINT VENTURES

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	—	—	677	—

Particulars of the Group's joint ventures are as follows:

Company	Place of incorporation/ registration and business	Authorised share capital	Percentage of ownership interest attributable to the Group	Principal activities
PT Dharma Cipta Mulia ("DCM")*	Indonesia	IDR 10,100,000,000,000	60%	Industrial estate business
PT OBI Nickel Cobalt ("ONC")**	Indonesia	IDR 4,350,000,000,000	60%	Smelting and processing sale of nickel compounds

* DCM was incorporated on November 5, 2007, which has not commenced any business or operation since its incorporation. A subsidiary of the Company acquired 60% of its shareholdings in July 2021 and recognized it as a joint venture considering that the decisions about the key operating activities require the unanimous consent of all of its investors. It became a subsidiary of the Group since April 4, 2022 as the Group obtained control of the key operating and financial activities of DCM by obtaining control of the board of directors and the

board of shareholders in accordance with the amended shareholder agreement on April 4, 2022. Refer to note 35 (c) to the Historical Financial Information for the details.

** ONC was incorporated on August 20, 2021 as a joint venture of the Group as the decisions about the key operating activities require the unanimous consent of all of its investors. It became a subsidiary of the Group since November 29, 2021 as the Group obtained control of the key operating and financial activities of ONC by obtaining control of the board of directors and the board of shareholders in accordance with the amended shareholder agreement on November 29, 2021. Refer to note 35 (b) to the Historical Financial Information for the details.

The Group's shareholdings in the joint ventures are held through wholly-owned subsidiaries of the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	As at December 31,			As at
	2019	2020	2021	June 30,
	2019	2020	2021	2022
	RMB '000	RMB '000	RMB '000	RMB '000
Profit and total comprehensive income for the year/period	—	—	—	—
Aggregate carrying amount of the Group's interests in the joint ventures	—	—	677	—

18. INTERESTS IN ASSOCIATES

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	2019	2020	2021	2022
	RMB '000	RMB '000	RMB '000	RMB '000
Share of net assets	670,354	1,015,700	581,878	556,563

The Group's trade receivables from associates and amounts due to an associate are disclosed in note 38 to the Historical Financial Information.

Particulars of the Group's material associates are as follows:

Company	Place of incorporation/ registration and business	Nominal value of registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
PT Halmahera Jaya Feronikel ("HJF")	Indonesia	IDR 4,000,000,000,000	36.9%	Smelting and processing sale of nickel compounds

Company	Place of incorporation/ registration and business	Nominal value of registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
HPL*	Indonesia	IDR 5,030,000,000,000	36.9%	Smelting and processing sale of nickel compounds

* HPL became a subsidiary of the Group on November 30, 2021 (note 35(a)).

The Group's shareholdings in the associates all comprise equity shares held by the Company, except for Contemporary Brunp Lygend Co., Ltd., which is an immaterial associate of the Group, the shareholding in which is held through a wholly-owned subsidiary of the Company.

The following table illustrates the summarized financial information in respect of HJF adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	350,759	287,677	515,440	651,781
Non-current assets	—	777,681	3,563,989	5,288,956
Current liabilities	—	62,159	947,136	847,070
Non-current liabilities	—	120	1,582,326	3,513,349
Net assets	<u>350,759</u>	<u>1,003,079</u>	<u>1,549,967</u>	<u>1,580,318</u>
Reconciliation to the Group's interest in the associate:				
Proportion of the Group's ownership	36.9%	36.9%	36.9%	36.9%
Group's share of net assets of the associate	129,430	370,136	571,938	583,137
Accumulated unrealised gain	—	—	(14,148)	(47,141)
Carrying amount of the investment	<u>129,430</u>	<u>370,136</u>	<u>557,790</u>	<u>535,996</u>

	Year ended December 31,			Six months ended June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	—	—	—
Loss for the year/period	—	(2,085)	(55,929)	(49,445)
Other comprehensive profit/(loss)	—	(30,512)	(41,018)	79,796
Total comprehensive profit/(loss) for the year/period	<u>—</u>	<u>(32,597)</u>	<u>(96,947)</u>	<u>30,351</u>

The following table illustrates the summarized financial information in respect of HPL adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	<u>Year ended December 31,</u>	
	<u>2019</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	487,842	189,354
Non-current assets	2,434,475	4,521,028
Current liabilities	1,408,904	2,915,691
Non-current liabilities	<u>1,269</u>	<u>2,691</u>
Net assets	<u>1,512,144</u>	<u>1,792,000</u>
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	36.9%	36.9%
Group's share of net assets of the associate	557,981	661,248
Accumulated unrealised gain	(17,057)	(45,687)
Carrying amount of the investment	<u>540,924</u>	<u>615,561</u>

	<u>Year ended December 31,</u>		<u>Eleven months ended November 30,</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	—	1,212,138
Profit/(loss) for the year/period	(55,727)	(104,703)	406,672
Other comprehensive income/(loss)	<u>36,083</u>	<u>(159,336)</u>	<u>(17,501)</u>
Total comprehensive income/(loss) for the year/period	<u>(19,644)</u>	<u>(264,039)</u>	<u>389,171</u>

The following table illustrates the financial information of the Group's associate that is not individually material:

	<u>As at December 31,</u>			<u>As at June 30,</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year/period	—	10	(19,760)	(11,580)
Total comprehensive income/(loss) for the year/period	—	—	44	(158)
Aggregate carrying amount of the Group's investment in the associate	—	30,003	24,088	20,567

19. INVENTORIES

Group

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	374,312	247,633	588,522	591,305
Work in progress	11,397	15,688	75,649	109,973
Finished goods	246,447	132,951	310,402	527,099
	<u>632,156</u>	<u>396,272</u>	<u>974,573</u>	<u>1,228,377</u>

The Group's inventories, which have aggregate net carrying values of approximately RMB142,461,000, RMB127,109,000, RMB201,729,000 and RMB219,483,000 as at the end of each of the Relevant Periods, respectively, were pledged to secure the Group's bank loans (note 27).

Company

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finished goods	<u>197,349</u>	<u>86,993</u>	<u>233,864</u>	<u>342,043</u>

20. TRADE AND BILLS RECEIVABLES

Group

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	863,753	500,872	1,015,990	1,867,017
Bills receivable measured at amortized cost	<u>1,076</u>	<u>40,067</u>	<u>11,199</u>	<u>4,691</u>
Impairment	<u>(2,505)</u>	<u>(2,130)</u>	<u>(6,396)</u>	<u>(8,941)</u>
	862,324	538,809	1,020,793	1,862,767
Bills receivable measured at fair value	<u>100</u>	<u>10,400</u>	<u>4,410</u>	<u>3,454</u>
	<u>862,424</u>	<u>549,209</u>	<u>1,025,203</u>	<u>1,866,221</u>

The Group usually considers upfront payments or use of letters of credit. The final payment is usually paid within one month to three months and sometimes extended to one year, when the final commercial invoices are issued. The Group seeks to maintain strict control over its outstanding

receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date and net of loss allowance) is as follows:

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	859,137	493,695	1,005,516	1,857,246
3 to 6 months	121	1,672	187	373
6 to 12 months	1,924	3,370	3,891	390
1 to 2 years	66	5	—	67
	<u>861,248</u>	<u>498,742</u>	<u>1,009,594</u>	<u>1,858,076</u>

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

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	2,725	2,505	2,130	6,396
Impairment losses, net (note 6)	(220)	(375)	4,267	2,539
Exchange realignment	—	—	(1)	6
At end of year/period	<u>2,505</u>	<u>2,130</u>	<u>6,396</u>	<u>8,941</u>

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortized cost, using the lifetime expected loss provision. 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. 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. As the material underlying balances of trade receivables have similar characteristics and credit ratings, and there is no significant changes in forward-looking factors as at December 31, 2020 and 2021, the expected credit loss rates for trade receivables as at December 31, 2020 and 2021 were almost the same.

The Group's trade receivables, which have an aggregate net carrying value of approximately RMB676,114,000, RMB259,313,000, nil and nil as at the end of each of the Relevant Periods, respectively, were pledged to secure the Group's bank loans (note 27).

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

As at December 31, 2019

	<u>Gross carrying amount</u>	<u>Expected credit loss rate</u>	<u>Expected credit losses</u>
	<i>RMB'000</i>	%	<i>RMB'000</i>
Current:	852,735	0.27%	2,330
Past due:			
Less than 3 months	10,569	1.33%	141
3 to 6 months	360	3.06%	11
6 to 12 months	<u>89</u>	25.84%	<u>23</u>
	<u>863,753</u>	0.29%	<u>2,505</u>

As at December 31, 2020

	<u>Gross carrying amount</u>	<u>Expected credit loss rate</u>	<u>Expected credit losses</u>
	<i>RMB'000</i>	%	<i>RMB'000</i>
Current:	476,529	0.29%	1,378
Past due:			
Less than 3 months	23,335	1.33%	311
6 to 12 months	765	25.88%	198
1 to 2 years	<u>243</u>	100.00%	<u>243</u>
	<u>500,872</u>	0.43%	<u>2,130</u>

As at December 31, 2021

	<u>Gross carrying amount</u>	<u>Expected credit loss rate</u>	<u>Expected credit losses</u>
	<i>RMB'000</i>	%	<i>RMB'000</i>
Current:	902,918	0.29%	2,590
Past due:			
Less than 3 months	106,750	1.33%	1,423
3 to 6 months	116	3.45%	4
6 to 12 months	5,163	25.88%	1,336
1 to 2 years	<u>1,043</u>	100.00%	<u>1,043</u>
	<u>1,015,990</u>	0.63%	<u>6,396</u>

As at June 30, 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>
Current:	1,707,783	0.31%	5,250
Past due:			
Less than 3 months	157,735	1.64%	2,589
3 to 6 months	194	3.09%	6
6 to 12 months	282	25.89%	73
Over 1 year	<u>1,023</u>	100.00%	<u>1,023</u>
	<u><u>1,867,017</u></u>	0.48%	<u><u>8,941</u></u>

Bills receivable of RMB100,000, RMB10,400,000, RMB4,410,000 and RMB3,454,000 whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under IFRS 9 at the end of each of the Relevant Periods, respectively. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant.

The Group endorsed certain bills receivable accepted by certain banks in the PRC (the “Endorsed Notes”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB63,269,000, RMB61,130,000, RMB19,731,000 and RMB16,041,000 (the “Endorsement”) at the end of each of the Relevant Periods. In addition, the Group discounted certain bills receivable accepted by certain banks in the PRC (the “Discounted Notes”) with carrying amounts in aggregate of RMB361,670,000, RMB375,650,000, RMB435,000,000 and RMB423,310,000 (the “Discount”) at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”).

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain of the Endorsed Notes with amounts of RMB57,886,000, RMB49,165,000, RMB11,582,000 and RMB11,650,000 and Discounted Notes with amounts of RMB361,670,000, RMB351,150,000, RMB435,000,000 and RMB423,310,000 accepted by large and reputable banks at the end of each of the Relevant Periods, respectively (the “Derecognized Notes”). Accordingly, the Group has derecognized the full carrying amounts of these Derecognized Notes and the associated trade payables settled by the Endorsed Notes.

The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Notes and the undiscounted cash flows to repurchase these Derecognized Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognized Notes are not significant.

The Group continued to recognize the full carrying amounts of the remaining Endorsed Notes and the associated trade payables settled with amounts of RMB5,383,000, RMB11,965,000, RMB8,149,000 and RMB4,391,000 and to recognize the proceeds received from the discount of the remaining Discounted Notes with amounts of nil, RMB24,500,000, nil and nil as short-term loans at the end of each of the Relevant Periods, respectively, because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes and Discounted Notes.

During the Relevant Periods, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Notes. No gains or losses were recognized from the Continuing Involvement, both during the year/period or cumulatively. The Endorsement and the Discount have been made evenly during the Relevant Periods.

The Group's bills receivable were all aged within six months and were neither past due nor impaired.

Company

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	168,968	219,122	330,729	366,213
Bills receivable				
measured at amortized cost	—	24,500	—	—
Impairment	(529)	(830)	(2,176)	(3,225)
	168,439	242,792	328,553	362,988
Bills receivable				
measured at fair value	—	8,000	—	—
	<u>168,439</u>	<u>250,792</u>	<u>328,553</u>	<u>362,988</u>

An aging analysis of the trade receivables of the Company as at the end of each of the Relevant Periods (based on the invoice date and net of loss allowance) is as follows:

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	168,435	209,045	328,553	362,988
3 to 6 months	4	—	—	—
6 to 12 months	—	9,247	—	—
	<u>168,439</u>	<u>218,292</u>	<u>328,553</u>	<u>362,988</u>

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

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	817	529	830	2,176
Impairment losses, net	(288)	301	1,346	1,049
At end of year/period	<u>529</u>	<u>830</u>	<u>2,176</u>	<u>3,225</u>

The Company applies the simplified approach to measure the loss allowance for trade receivables classified at amortized cost, using the lifetime expected loss provision. The expected credit losses on these financial assets are estimated based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances, using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

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

As at December 31, 2019

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Current:	158,399	0.24%	388
Past due:			
Less than 3 months	<u>10,569</u>	1.33%	<u>141</u>
	<u>168,968</u>	0.31%	<u>529</u>

As at December 31, 2020

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Current:	195,787	0.27%	519
Past due:			
Less than 3 months	<u>23,335</u>	1.33%	<u>311</u>
	<u>219,122</u>	0.38%	<u>830</u>

As at December 31, 2021

	<u>Gross carrying amount</u>	<u>Expected credit loss rate</u>	<u>Expected credit losses</u>
	<i>RMB'000</i>		<i>RMB'000</i>
Current:	236,569	0.39%	921
Past due:			
Less than 3 months	<u>94,160</u>	1.33%	<u>1,255</u>
	<u>330,729</u>	0.66%	<u>2,176</u>

As at June 30, 2022

	<u>Gross carrying amount</u>	<u>Expected credit loss rate</u>	<u>Expected credit losses</u>
	<i>RMB'000</i>		<i>RMB'000</i>
Current:	209,599	0.47%	990
Past due:			
Less than 3 months	<u>156,614</u>	1.43%	<u>2,235</u>
	<u>366,213</u>	0.88%	<u>3,225</u>

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**Group**

	<u>As at December 31,</u>			<u>As at June 30,</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current				
Prepayments	437,440	346,408	275,772	271,299
Other receivables and others	118,295	92,314	145,885	255,368
Other current assets	<u>—</u>	<u>1,547</u>	<u>107,529</u>	<u>98,950</u>
	555,735	440,269	529,186	625,617
Impairment allowance	<u>(1,477)</u>	<u>(680)</u>	<u>(585)</u>	<u>(731)</u>
	<u>554,258</u>	<u>439,589</u>	<u>528,601</u>	<u>624,886</u>
Non-current				
Prepayments for property, plant and equipment	<u>19,855</u>	<u>2,598</u>	<u>351,557</u>	<u>673,275</u>
	<u>574,113</u>	<u>442,187</u>	<u>880,158</u>	<u>1,298,161</u>

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables

under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

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

	Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2019	419	—	26	445
Impairment losses (note 6)	1,032	—	—	1,032
At December 31, 2019 and January 1, 2020	1,451	—	26	1,477
Impairment losses, net (note 6)	286	—	(26)	260
Disposal of a subsidiary	(1,057)	—	—	(1,057)
At December 31, 2020 and January 1, 2021	680	—	—	680
Impairment losses, net (note 6)	(95)	—	—	(95)
At December 31, 2021 and January 1, 2022	585	—	—	585
Impairment losses, net (note 6)	146	—	—	146
At June 30, 2022	731	—	—	731

Company

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Prepayments	314,185	270,351	180,980	106,520
Other receivables and others	7,321	6,808	20,312	78,263
Other current assets	—	—	—	491
	321,506	277,159	201,292	185,274
Impairment allowance	(138)	(274)	(274)	(274)
	<u>321,368</u>	<u>276,885</u>	<u>201,018</u>	<u>185,000</u>

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

	Expected credit losses			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2019	137	—	—	137
Impairment losses	<u>1</u>	<u>—</u>	<u>—</u>	<u>1</u>
At December 31, 2019 and January 1, 2020	<u>138</u>	<u>—</u>	<u>—</u>	<u>138</u>
Impairment losses	<u>136</u>	<u>—</u>	<u>—</u>	<u>136</u>
At December 31, 2020, January 1, 2021 and December 31, 2021 and June 30, 2022	<u>274</u>	<u>—</u>	<u>—</u>	<u>274</u>

Included in the Group's prepayments, other receivables and other assets were amounts due from the Group's related parties of RMB18,926,000, RMB2,351,000, nil and nil as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively.

22. LOANS TO DIRECTORS

Group and Company

Amounts due from directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	At June 30, 2022		Maximum amount outstanding during the year 2021		At December 31, 2020		Maximum amount outstanding during the year 2019		At December 31, 2019		Maximum amount outstanding during the year 2019		At January 1, 2019	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Mr. CAI Jianyong ⁽¹⁾	—	—	—	—	—	—	17,532	17,532	17,532	—	45,516	38,992	—	None
Ms. FEI Feng ⁽²⁾	—	—	—	—	—	—	50,000	—	—	—	—	—	—	None
Mr. CAI Jianwei ⁽³⁾	—	—	—	—	—	—	2,000	2,000	2,000	—	2,000	—	—	None
Total	—	—	—	—	—	—	19,532	19,532	19,532	—	47,516	38,992	—	None

(1) The loans granted to Mr. CAI Jianyong for the years ended December 31, 2019 and 2020, were unsecured, interest-free, non-trade in nature and were repayable on demand.

(2) The loan granted to Ms. FEI Feng for the year ended December 31, 2020 was unsecured, interest-free, non-trade in nature and was repayable on demand.

(3) The loan granted to Mr. CAI Jianwei for the year ended December 31, 2019 was unsecured, interest-free, non-trade in nature and was repayable on demand.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Unlisted investments, at fair value	187,050	152,398	—	76,100
Derivative financial instruments, at fair value	—	—	—	57
	<u>187,050</u>	<u>152,398</u>	<u>—</u>	<u>76,157</u>
Non-current				
Derivative financial instruments, at fair value	—	—	—	44,325
	<u>187,050</u>	<u>152,398</u>	<u>—</u>	<u>120,482</u>

Company

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Unlisted investments, at fair value	<u>177,000</u>	<u>22,000</u>	<u>—</u>	<u>70,000</u>

The unlisted investments were wealth management products issued by commercial banks and financial institutions in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The current derivative financial instruments were the futures products that fair value income have not been realised. The non-current derivative financial instruments were interest rate swap agreements with ending dates various from January to March 2026. For information about the methods and assumptions used in determining fair value, please refer to note 42 to the Historical Financial Information.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Cash and bank balances	188,399	256,903	1,413,298	2,959,391
Pledged deposits	561,423	502,157	639,031	649,253
Less:				
Current portion:				
Pledged deposits for bank loans	(52,376)	(304)	(115,859)	(19,687)
Pledged deposits for bills payable	—	—	(260,304)	(308,204)
Pledged deposits for letters of credit	(249,047)	(201,853)	(222,235)	(321,362)
Non-Current portion:				
Pledged deposits for bank loans	(260,000)	(300,000)	(40,633)	—
Cash and cash equivalents	<u>188,399</u>	<u>256,903</u>	<u>1,413,298</u>	<u>2,959,391</u>
Denominated in:				
RMB	112,272	95,970	312,622	1,186,439
United States dollar ("USD")	76,127	160,687	929,318	1,521,847
Indonesian rupiah ("IDR")	—	—	171,189	250,996
Singapore dollar ("SGD")	—	246	169	109
Total cash and cash equivalents	<u>188,399</u>	<u>256,903</u>	<u>1,413,298</u>	<u>2,959,391</u>

Company

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Cash and bank balances	66,107	25,546	104,700	817,525
Pledged deposits	60,875	61,045	222,066	253,623
Less:				
Pledged deposits for letters of credit	(60,875)	(61,045)	(222,066)	(253,623)
Cash and cash equivalents	<u>66,107</u>	<u>25,546</u>	<u>104,700</u>	<u>817,525</u>
Denominated in:				
RMB	62,188	25,403	93,594	651,947
USD	3,919	143	11,106	165,578
Total cash and cash equivalents	<u>66,107</u>	<u>25,546</u>	<u>104,700</u>	<u>817,525</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between 3 months and 1 year depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

Group

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	589,273	533,223	725,434	1,002,407
Bills payable	5,000	99,100	2,980	2,656
	<u>594,273</u>	<u>632,323</u>	<u>728,414</u>	<u>1,005,063</u>

The trade payables are non-interest-bearing and are normally settled within 90 days.

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	521,531	374,701	564,315	645,791
3 to 6 months	7,080	38,000	24,130	102,209
6 to 12 months	6,676	41,745	13,798	139,032
1 to 2 years	1,599	72,654	77,687	50,639
Over 2 years	52,387	6,123	45,504	64,736
	<u>589,273</u>	<u>533,223</u>	<u>725,434</u>	<u>1,002,407</u>

Company

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	66,695	329,640	369,151	630,320
Bills payable	—	57,000	—	—
	<u>66,695</u>	<u>386,640</u>	<u>369,151</u>	<u>630,320</u>

The trade payables are non-interest-bearing and are normally settled within 90 days.

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	65,626	273,085	284,651	374,968
3 to 6 months	—	15,289	17,142	85,398
6 to 12 months	464	29,090	4,217	128,137
1 to 2 years	601	11,609	62,159	34,360
Over 2 years	4	567	982	7,457
	<u>66,695</u>	<u>329,640</u>	<u>369,151</u>	<u>630,320</u>

26. OTHER PAYABLES AND ACCRUALS**Group**

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Taxes payable other than corporate income tax	146,439	138,554	97,941	75,755
Accrued payroll	41,194	35,611	70,209	170,142
Dividend payable to shareholders other than the ultimate holding company	1,227	—	—	—
Advance from customers	6,481	10,120	6,954	2,500
Other accruals	—	—	23,456	24,691
Other payables for property, plant and equipment	53	14	568,222	691,798
Other payables	<u>8,573</u>	<u>9,326</u>	<u>69,465</u>	<u>37,188</u>
	<u>203,967</u>	<u>193,625</u>	<u>836,247</u>	<u>1,002,074</u>

Other payables are non-interest-bearing and repayable on demand.

Company

	<u>As at December 31,</u>			<u>As at June 30,</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Taxes payable other than corporate income tax	73,511	85,586	45,071	49,754
Accrued payroll	10,655	20,198	50,076	64,548
Advance from customers	3,588	4,446	6,000	2,362
Other payables	4,742	1,426	53,029	12,070
	<u>92,496</u>	<u>111,656</u>	<u>154,176</u>	<u>128,734</u>

Other payables are non-interest-bearing and repayable on demand.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

The floating rate on the interest rate swaps is the London interbank offered rate (“LIBOR”).

Group

	<u>As at December 31, 2019</u>		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings — secured	2.24-5.66	2020	1,466,526
Other borrowing	5.66	2020	27,340
			<u>1,493,866</u>

	<u>As at December 31, 2020</u>		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings — secured	1.30-4.35	2021	<u>1,024,498</u>

APPENDIX IA

ACCOUNTANTS' REPORT

As at December 31, 2021			
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings — secured	1.7-4.40	2022	1,121,096
Other borrowing	5.61	2022	30,434
Current portion of long term bank borrowings — secured	LIBOR+3.75	2022	<u>4,382</u>
			<u>1,155,912</u>
Non-current			
Bank borrowings — secured	LIBOR+3.00-3.75	2027	3,595,682
			<u>4,751,594</u>

As at June 30, 2022			
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings — secured	1.36-4.95	2022	2,294,492
Other borrowing	3.6-4.3	2022	207,870
Current portion of long term bank borrowings — secured	LIBOR+3.75	2022	<u>79,595</u>
			<u>2,581,957</u>
Non-current			
Bank borrowings — secured	LIBOR+3.00-3.75	2023-2027	3,902,122
			<u>6,484,079</u>

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analyzed into:				
Bank loans repayable:				
Within one year or on demand	1,493,866	1,024,498	1,155,912	2,581,957
In the second year	—	—	144,757	516,490
In the third year	—	—	533,486	495,706
In the fourth year	—	—	752,741	777,267
In the fifth year	—	—	873,459	951,755
Beyond five years	—	—	<u>1,291,239</u>	<u>1,160,904</u>
	<u>1,493,866</u>	<u>1,024,498</u>	<u>4,751,594</u>	<u>6,484,079</u>

Notes:

- (a) Certain of the Group's bank loans are secured by:
- (i) mortgages over the Group's buildings situated in Mainland China and Indonesia, which had aggregate net carrying values of RMB37,688,000, RMB82,719,000, RMB1,707,633,000 and RMB1,731,185,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively (note 13);
 - (ii) mortgages over the Group's leasehold lands situated in Mainland China, which had aggregate net carrying values of RMB19,694,000, RMB17,781,000, RMB17,373,000 and RMB86,813,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively (note 14);
 - (iii) mortgages over the Group's plant and machinery, electronic and office equipment, motor vehicles and construction in progress situated in Indonesia with aggregate net carrying values of approximately RMB2,163,771,000 and RMB2,213,344,000 as at December 31, 2021 and June 30, 2022, respectively (note 13);
 - (iv) mortgages over leasehold lands and buildings situated in Mainland China of a related party, Suqian Xiangxiang Industry Co., Ltd. ("Suqian Xiangxiang");
 - (v) mortgages over leasehold lands and buildings situated in Mainland China of Mr. CAI Jianyong, an executive director;
 - (vi) mortgages over leasehold lands and buildings situated in Mainland China of Mrs. CHEN Saihong, a related party;
 - (vii) mortgages over leasehold lands and buildings situated in Mainland China of Ningbo Red House Obstetrics and Gynecology Hospital ("Red House Hospital"), an entity controlled by the ultimate holding company;
 - (viii) mortgages over leasehold lands and buildings situated in Mainland China of Mrs. HAN Lansu, the spouse of an executive director; and
 - (ix) mortgages over buildings situated in Mainland China of Ms. CAI Xiao'ou, the daughter of an executive director.
- (b) An executive director of the Group, Mr. CAI Jianyong, and his spouse have guaranteed the Group's bank loans up to RMB999,500,000, RMB1,724,500,000, RMB1,805,000,000 and RMB1,208,788,000 during the Relevant Periods, respectively.
- (c) The ultimate holding company of the Group has guaranteed the Group's bank loans up to RMB999,500,000, RMB1,594,500,000, RMB1,314,500,000 and RMB240,000,000 during the Relevant Periods, respectively.
- (d) The ultimate holding company of the Group and a senior management of the Group, Mr. SONG Zhen have guaranteed the Group's bank loans up to RMB80,000,000, RMB75,000,000, RMB70,000,000 and nil during the Relevant Periods, respectively.

- (e) The ultimate holding company of the Group and a related party of the Group, Suqian Xiangxiang have guaranteed the Group's bank loans up to nil, nil, RMB405,000,000 and nil during the Relevant Periods, respectively.
- (f) An executive director of the Group, Mr. CAI Jianwei, and a senior management, Mr. SONG Zhen and his spouse have guaranteed the Group's bank loans up to RMB40,000,000, nil, nil and nil during the Relevant Periods, respectively.
- (g) A related party of the Group, Suqian Xiangxiang has guaranteed the Group's bank loans up to nil, RMB1,801,500,000, RMB285,000,000 and nil during the Relevant Periods, respectively.
- (h) The Group's pledged deposits, which have an aggregate net carrying value of approximately RMB561,423,000, RMB502,157,000, RMB639,031,000 and RMB649,253,000 during the Relevant Periods, respectively, were pledged to secure the Group's bank loans and letters of credit (note 24).
- (i) The ultimate holding company of the Group has pledged certain equity of a related party to secure the Group's bank loans up to RMB11,660,000, RMB11,660,000, nil and nil during the Relevant Periods, respectively.
- (j) The Group's inventories, which have aggregate net carrying values of approximately RMB142,461,000, RMB127,109,000, RMB201,729,000 and RMB219,483,000 during the Relevant Periods, respectively, were pledged to secure the Group's bank loans (note 19).
- (k) The Group's trade receivables, which have aggregate net carrying values of approximately RMB676,114,000, RMB259,313,000, nil and nil during the Relevant Periods, respectively, were pledged to secure the Group's bank loans (note 20).
- (l) The long-term bank borrowing is pledged with a corporate guarantee from the PT. Harita Jayaraya ("HJR"), and shares of PT. Trimegah Bangun Persada ("TBP").
- (m) In the opinion of the directors, all guarantees provided by directors and other related parties over the Group's borrowings, except for HPL's borrowings, will be released upon completion of the initial listing of the shares of the Company on the Main Board of the Stock Exchange ("Listing").

Company

	As at December 31, 2019		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB '000</i>
Current			
Bank borrowings — secured	2.24-5.20	2020	<u>507,865</u>
	As at December 31, 2020		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB '000</i>
Current			
Bank borrowings — secured	2.10-3.56	2021	<u>722,121</u>
	As at December 31, 2021		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB '000</i>
Current			
Bank borrowings — secured	1.7-3.60	2022	<u>842,116</u>
	As at June 30, 2022		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB '000</i>
Current			
Bank borrowings — secured	1.1-3.90	2022	<u>1,679,515</u>

Notes:

- (a) Certain of the Company's bank loans are secured by:
- (i) mortgages over the Company's buildings situated in Mainland China, which had aggregate net carrying values of RMB12,514,000, RMB11,606,000, RMB10,698,000 and RMB10,244,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively (note 13);
 - (ii) mortgages over a subsidiary's leasehold lands and buildings situated in Mainland China;
 - (iii) mortgages over leasehold lands and buildings situated in Mainland China of Mr. CAI Jianyong, an executive director;

- (iv) mortgages over leasehold lands and buildings situated in Mainland China of Mrs. CHEN Saihong, a related party;
 - (v) mortgages over leasehold lands and buildings situated in Mainland China of Red House Hospital, an entity controlled by the ultimate holding company;
 - (vi) mortgages over leasehold lands and buildings situated in Mainland China of Mrs. HAN Lansu, the spouse of an executive director; and
 - (vii) mortgages over buildings situated in Mainland China of Ms. CAI Xiao'ou, the daughter of an executive director.
- (b) An executive director of the Company, Mr. CAI Jianyong, and his spouse have guaranteed the Company's bank loans up to RMB999,500,000, RMB1,724,500,000, RMB1,805,000,000 and RMB793,486,000 during the Relevant Periods, respectively.
 - (c) The ultimate holding company of the Company has guaranteed the Company's bank loans up to RMB837,500,000, RMB1,432,500,000, RMB950,000,000 and RMB180,000,000 during the Relevant Periods, respectively.
 - (d) The ultimate holding company and a subsidiary of the Company have guaranteed the Company's bank loans up to RMB162,000,000, RMB162,000,000, RMB364,500,000 and nil during the Relevant Periods, respectively.
 - (e) The ultimate holding company and a related party, Suqian Xiangxiang of the Company have guaranteed the Company's bank loans up to nil, nil, RMB405,000,000 and nil during the Relevant Periods, respectively.
 - (f) The subsidiaries of the Company have guaranteed the Company's bank loans up to RMB1,456,500,000, RMB975,000,000, RMB1,125,000,000 and RMB1,619,540,000 during the Relevant Periods, respectively.
 - (g) A related party, Suqian Xiangxiang of the Company has guaranteed the Company's bank loans up to nil, RMB897,000,000, RMB285,000,000 and nil during the Relevant Periods, respectively.
 - (h) A related party, Suqian Xiangxiang and a subsidiary of the Company have guaranteed the Company's bank loans up to nil, RMB904,500,000, nil and nil during the Relevant Periods, respectively.
 - (i) The Company's pledged time deposits, which have aggregate net carrying values of approximately RMB60,875,000, RMB61,045,000, RMB222,066,000 and RMB253,623,000 during the Relevant Periods, respectively, were pledged to secure the Company's bank loans (note 24).

- (j) The ultimate holding company of the Company has pledged certain equity of a related party to secure the Company's bank loans up to RMB11,660,000, RMB11,660,000, nil and nil during the Relevant Periods, respectively.

28. CONTRACT LIABILITIES

Group

The Group recognized the following revenue-related contract liabilities:

	As at December 31,			As at
	2019	2020	2021	June 30,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Sale of nickel products	40,991	43,921	136,906	114,291
Sale of equipment	196,342	271,182	138,443	28,538
Others	3,603	3,332	21,572	9,323
Current	<u>240,936</u>	<u>318,435</u>	<u>296,921</u>	<u>152,152</u>

Company

	As at December 31,			As at
	2019	2020	2021	June 30,
	RMB'000	RMB'000	RMB'000	2022
				RMB'000
Sale of nickel products	30,852	34,204	44,733	18,170
Others	1,554	2	14	15
Current	<u>32,406</u>	<u>34,206</u>	<u>44,747</u>	<u>18,185</u>

Included in the Group's contract liabilities were amounts due to the Group's related parties of RMB178,327,000, RMB230,791,000, RMB131,887,000 and RMB27,515,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022, respectively.

Contract liabilities include short-term advances received to deliver nickel products, equipment and others, and provide shipping services. The increase and decrease in contract liabilities during the Relevant Periods was mainly due to the fluctuation in advances received from customers in relation to the provision of nickel products and shipping services during the Relevant Periods.

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at December 31,			As at
	2019	2020	2021	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2022
Derivative financial instruments, at fair value	—	—	6,771	—
	<u>—</u>	<u>—</u>	<u>6,771</u>	<u>—</u>

Company

	As at December 31,			As at
	2019	2020	2021	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2022
Derivative financial instruments, at fair value	—	—	1,741	—
	<u>—</u>	<u>—</u>	<u>1,741</u>	<u>—</u>

30. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

Group

Deferred tax assets

	Accrued expenses	Impairment of trades receivables	Impairment of other receivables	Unrealized profit attributable to the intra-group transactions	Payroll payable	Lease liabilities	Provision	Changes in fair value of financial liabilities at fair value through profit or loss	Estimated liabilities for employees' benefits	Tax loss	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At January 1, 2019	3,325	680	34	3,558	3,033	310	—	—	—	—	10,940
Deferred tax credited/(charged) to profit or loss during the year (note 10)	652	(58)	73	8,742	1,315	817	—	—	—	—	11,541
At December 31, 2019 and January 1, 2020	3,977	622	107	12,300	4,348	1,127	—	—	—	—	22,481
Deferred tax credited/(charged) to profit or loss during the year (note 10)	1,337	(112)	(37)	1,716	42	(60)	—	—	—	—	2,886
At December 31, 2020 and January 1, 2021	5,314	510	70	14,016	4,390	1,067	—	—	—	—	25,367
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(3,974)	826	18	9,233	5,150	444	3,988	1,693	220	—	17,598
Acquisition of subsidiaries (note 35)	—	—	—	—	—	—	—	—	1,727	—	1,727
At December 31, 2021 and January 1, 2022	1,340	1,336	88	23,249	9,540	1,511	3,988	1,693	1,947	—	44,692
Deferred tax credited/(charged) to profit or loss during the period (note 10)	(1,228)	754	83	16,471	5,201	13,632	—	(1,693)	523	2,002	35,745
Exchange realignment	—	1	—	—	—	—	209	—	277	51	538
At June 30, 2022	112	2,091	171	39,720	14,741	15,143	4,197	—	2,747	2,053	80,975

The movements in deferred tax liabilities during the Relevant Periods are as follows:

Group

Deferred tax liabilities

	Right-of- use assets	Withholding tax	Revaluation of property, plant and equipment	Changes in fair value of financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2019	382	—	31,938	—	32,320
Deferred tax charged/(credited) to profit or loss during the year (note 10)	<u>816</u>	<u>2,566</u>	<u>(22,468)</u>	<u>—</u>	<u>(19,086)</u>
At December 31, 2019 and January 1, 2020 . . .	1,198	2,566	9,470	—	13,234
Deferred tax charged/(credited) to profit or loss during the year (note 10)	77	2,491	(1,298)	—	1,270
Disposal of a subsidiary (note 34)	<u>—</u>	<u>—</u>	<u>(3,925)</u>	<u>—</u>	<u>(3,925)</u>
At December 31, 2020 and January 1, 2021 . . .	1,275	5,057	4,247	—	10,579
Deferred tax charged/(credited) to profit or loss during the year (note 10)	<u>446</u>	<u>(3,298)</u>	<u>(1,297)</u>	<u>—</u>	<u>(4,149)</u>
At December 31, 2021 and January 1, 2022 . . .	1,721	1,759	2,950	—	6,430
Deferred tax charged/(credited) to profit or loss during the period (note 10)	13,725	(645)	(649)	9,453	21,884
Exchange realignment	<u>(1)</u>	<u>—</u>	<u>—</u>	<u>299</u>	<u>298</u>
At June 30, 2022	<u><u>15,445</u></u>	<u><u>1,114</u></u>	<u><u>2,301</u></u>	<u><u>9,752</u></u>	<u><u>28,612</u></u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognized in the consolidated statement of financial position	<u>21,354</u>	<u>24,300</u>	<u>43,183</u>	<u>65,783</u>
Net deferred tax liabilities recognized in the consolidated statement of financial position	<u>12,107</u>	<u>9,512</u>	<u>4,921</u>	<u>13,420</u>

The Group has tax losses arising in Mainland China of RMB16,227,000, RMB39,627,000, RMB57,031,000 and RMB89,110,000 as at December 31, 2019, 2020 and 2021 and June 30, 2022 respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

At the end of each of the Relevant Periods, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Indonesia. In the opinion of the directors, it is not probable that these companies will distribute such earnings generated from 2021 to 2023 in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Indonesia for which deferred tax liabilities have not been recognized totalled approximately nil, nil, RMB580,224,000 and RMB2,660,672,000 as of December 31, 2019, 2020 and 2021 and June 30, 2022, respectively.

The movements in deferred tax assets during the Relevant Periods are as follows:

Company

Deferred tax assets

	Impairment		Impairment of other receivables	Unrealised profit attributable to the intra-group transactions	Payroll payable	Change in fair value of financial assets at fair value through profit or loss	Tax loss	Total
	Lease liabilities	of trade receivables						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2019	—	204	34	—	—	—	—	238
Deferred tax credited to profit or loss during the year	—	—	—	3,456	1,495	—	—	4,951
At December 31, 2019 and January 1, 2020	—	204	34	3,456	1,495	—	—	5,189
Deferred tax credited to profit or loss during the year	—	3	34	7,158	377	—	—	7,572
At December 31, 2020 and January 1, 2021	—	207	68	10,614	1,872	—	—	12,761
Deferred tax credited to profit or loss during the year	—	337	—	3,827	4,832	435	—	9,431
At December 31, 2021 and January 1, 2022	—	544	68	14,441	6,704	435	—	22,192
Deferred tax charged/ (credited) to profit or loss during the period	168	262	—	4,445	4,787	(435)	372	9,599
At June 30, 2022	<u>168</u>	<u>806</u>	<u>68</u>	<u>18,886</u>	<u>11,491</u>	<u>—</u>	<u>372</u>	<u>31,791</u>

The movements in deferred tax liabilities during the Relevant Periods are as follows:

Company

Deferred tax liabilities

	Right-of use assets
	<i>RMB'000</i>
At December 31, 2021 and January 1, 2022	—
Deferred tax charged/(credited) to profit or loss during the period	255
At June 30, 2022	<u>255</u>
	As at June 30, 2022
	<i>RMB'000</i>
At December 31, 2021 and January 1, 2022	—
Deferred tax charged/(credited) to profit or loss during the period	255
At June 30, 2022	<u>255</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at December 31,			As at June 30,
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognized in the statement of financial position	<u>5,189</u>	<u>12,761</u>	<u>22,192</u>	<u>31,536</u>

31. EMPLOYEE BENEFITS LIABILITY

HPL, a subsidiary of the Group, provides post-employment benefits to its employees in conformity with the requirements of Indonesia Government Regulation No. 35 Year 2021 (“PP 35/2021”), implementing the provisions of Article 81 and Article 185 (b) of Law no. 11/2020 concerning Job Creation (“UU Cipta Kerja”). In prior years, HPL has calculated its employee benefits liability in accordance with Law No. 13/2003 and with its Regulation. HPL recorded the

estimated liabilities for employees' benefits as of December 31, 2021 based on the actuarial calculation prepared by Kantor Konsultan Aktuaria Tubagus Syafrial & Amran Nangasan, an independent actuary, which applied the "Projected Unit Credit" method.

Key assumptions used for actuarial calculation are as follows:

	<u>As at December 31,</u>	<u>As at</u> <u>June 30,</u>
	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Discount rate	7.10%	7.59%
Mortality table	TMI-IV 2019	TMI-IV 2019
Retirement age	55 years	55 years
Annual salary increase rate	10.00%	10.00%

Analysis of estimated liabilities for employees' benefits and the total expenses recorded in the consolidated statements of profit or loss and other comprehensive income in respect of the post-employment benefit to the employees is as follows:

a. Estimated liabilities for employees' benefits

	<u>As at December 31,</u>			<u>As at</u> <u>June 30,</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Present value of employees' benefit obligation	—	—	8,731	12,368
Net liabilities recognized in the statement of financial position	<u>—</u>	<u>—</u>	<u>8,731</u>	<u>12,368</u>

b. Employee benefit expense

	<u>Year ended</u> <u>December 31,</u>	<u>Six months ended</u> <u>June 30,</u>
	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Current service cost	638	2,501
Interest costs	26	310
Curtailement effect	219	—
Past service cost	(619)	—
Employee benefit expense for the year/period	<u>264</u>	<u>2,811</u>

c. Change in liabilities of employees' benefits

	<u>As at December 31,</u>	<u>As at</u>
	<u>2021</u>	<u>June 30,</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning balance	—	8,731
Acquisition of subsidiaries (note 35)	8,505	—
Employee benefit expense for the year/period	264	2,811
Foreign exchange difference	<u>(38)</u>	<u>826</u>
Ending balance	<u>8,731</u>	<u>12,368</u>

Sensitivity analysis to the key assumptions used in determining employee benefit obligations is as follows:

	<i>Discount rate</i>			
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>December 31,</u>	<u>December 31,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>
	<u>1% increase</u>	<u>1% decrease</u>	<u>1% increase</u>	<u>1% decrease</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Impact on the defined benefit obligations	(478)	561	(905)	1,801

The sensitivity analysis above is based on a deterministic method of values the impact on the benefit obligations as a result of reasonable changes in key assumptions occurring at December 31, 2021 and June 30, 2022.

The following payments are expected contributions to the benefit obligations in future years:

	<u>As at</u>	<u>As at</u>
	<u>December 31,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Within the next 12 months	—	—
Between 1 and 2 years	51	31
Between 3 and 5 years	1,486	1,826
Between 6 and 10 years	19,306	20,662
Beyond 10 years	283,884	636,974
Total	304,727	659,493

The average duration of the benefit obligations at December 31, 2021 and June 30, 2022 was 19.27 years and 21.11 years, respectively.

32. SHARE CAPITAL/PAID-IN CAPITAL

Share capital

	Number of ordinary shares	Total
		<i>RMB'000</i>
Issued and fully paid as at December 31, 2020 and as at January 1, 2021	—	—
Issue of ordinary shares upon conversion into a joint stock company (note a)	508,000,000	508,000
Issue of ordinary shares (note b)	520,300,000	520,300
Issue of ordinary shares (note c)	25,915,000	25,915
Issue of ordinary shares (note d)	<u>263,553,750</u>	<u>263,554</u>
Issued and fully paid as at December 31, 2021 and June 30, 2022	<u>1,317,768,750</u>	<u>1,317,769</u>

Paid-in capital

	Total
	<i>RMB'000</i>
As at January 1, 2019, December 31, 2019, December 31, 2020 and January 1, 2021	508,000
Conversion into a joint stock company (note a)	<u>(508,000)</u>
As at December 31, 2021, January 1, 2022 and June 30, 2022	<u>—</u>

Notes:

- (a) On September 16, 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including paid-in capital, other reserves and retained profits, amounting to RMB594,360,000 were converted into 508,000,000 ordinary shares of RMB1.00 each. The excess of the net assets of RMB86,360,000 converted over the nominal value of the ordinary shares was credited to the Company's share premium.
- (b) On September 23, 2021, the registered capital of the Company was increased from RMB508,000,000 to RMB1,028,300,000. Mr. CAI Jian Yong, Mr. SONG Zhen, Mr. DONG Dong, Mr. CAI Jianwei, Mr. CAI Jiansong, Ms. FEI Feng, Mr. GE Kaicai, Ms. HE Xiaodan agreed to subscribe for the increased registered capital of RMB520,300,000 at considerations of RMB535,701,000, RMB18,263,000, RMB12,175,000, RMB12,175,000, RMB9,131,000, RMB9,131,000, RMB9,131,000 and RMB3,044,000, respectively. The aggregate consideration paid was RMB608,751,000, of which RMB88,451,000 was included as share premium of the Company. The consideration was fully settled by September 28, 2021.

- (c) On November 29, 2021, the registered capital of the Company was increased from RMB1,028,300,000 to RMB1,054,215,000. Four employee incentive platforms, namely Ningbo Yangcheng Enterprise Management Partnership (Limited Partnership) (“Ningbo Yangcheng”), Ningbo Yufeng Enterprise Management Partnership (Limited Partnership) (“Ningbo Yufeng”), Ningbo Litai Enterprise Management Partnership (Limited Partnership) (“Ningbo Litai”), and Ningbo Xinpan Enterprise Management Partnership (Limited Partnership) (“Ningbo Xinpan”) (together, the “Employee Incentive Platforms”), agreed to subscribe for the increased registered capital of RMB25,915,000 at considerations of RMB39,593,000, RMB22,076,000, RMB10,902,000 and RMB5,693,000, respectively. The aggregate consideration paid was RMB78,264,000, of which RMB52,349,000 was included as share premium of the Company. The consideration was fully settled by December 16, 2021. Refer to note 40 to the Historical Financial Information for the details.
- (d) Pursuant to a capital increase agreement dated November 8, 2021 entered into by and amongst Feng Yi Pte. Ltd. (“Feng Yi”), a third party, our shareholders and the Company, the registered capital of the Company was increased by RMB263,554,000. The consideration was fully settled by December 24, 2021. Refer to note 35(a) to the Historical Financial Information for the details.

33. RESERVES

Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Share premium

The share premium of the Group represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company in September 2021.

Exchange fluctuation reserves

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

Statutory surplus reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

Other reserves

Other reserves of the Group mainly arose from the capital injection and acquisition of subsidiaries under common control.

Company

	<u>Share premium account</u>	<u>Exchange fluctuation reserves</u>	<u>Statutory surplus reserve</u>	<u>Retained profits</u>	<u>Total</u>
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
At January 1, 2019	—	1,465	26,873	198,135	226,473
Profit for the year	—	—	—	457,906	457,906
Share of other comprehensive income of associates	—	13,595	—	—	13,595
Total comprehensive income for the year	—	13,595	—	457,906	471,501
Transfer to statutory reserves	—	—	45,791	(45,791)	—
Dividends declared	—	—	—	(300,000)	(300,000)
At December 31, 2020	<u>—</u>	<u>15,060</u>	<u>72,664</u>	<u>310,250</u>	<u>397,974</u>
At December 31, 2019 and January 1, 2020	—	15,060	72,664	310,250	397,974
Profit for the year	—	—	—	85,526	85,526
Share of other comprehensive income of associates	—	(70,054)	—	—	(70,054)
Total comprehensive income for the year	—	(70,054)	—	85,526	15,472
Business combination under common control	—	—	(17,461)	—	(17,461)
Transfer to statutory reserves	—	—	8,553	(8,553)	—
Dividends declared	—	—	—	(190,000)	(190,000)
At December 31, 2020	<u>—</u>	<u>(54,994)</u>	<u>63,756</u>	<u>197,223</u>	<u>205,985</u>
At December 31, 2020 and January 1, 2021	—	(54,994)	63,756	197,223	205,985
Profit for the year	—	—	—	905,530	905,530
Share of other comprehensive income of associates	—	(21,593)	—	—	(21,593)
Total comprehensive income for the year	—	(21,593)	—	905,530	883,937
Business combination under common control	—	—	—	(1,397)	(1,397)
Conversion into a joint stock company	86,360	68,962	(150,702)	(4,620)	—
Issue of shares	140,800	—	—	—	140,800
Acquisition of subsidiaries	532,378	—	—	—	532,378
Transfer to statutory reserves	—	—	159,277	(159,277)	—
Dividends declared	—	—	—	(845,750)	(845,750)
At December 31, 2021	<u>759,538</u>	<u>(7,625)</u>	<u>72,331</u>	<u>91,709</u>	<u>915,953</u>

	Share premium account	Exchange fluctuation reserves	Statutory surplus reserve	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2021 and January 1, 2022	759,538	(7,625)	72,331	91,709	915,953
Profit for the period	—	—	—	91,088	91,088
Share of other comprehensive income of associates	—	29,445	—	—	29,445
Total comprehensive income for the period	—	29,445	—	91,088	120,533
At June 30, 2022	<u>759,538</u>	<u>21,820</u>	<u>72,331</u>	<u>182,797</u>	<u>1,036,486</u>

34. DISPOSAL OF A SUBSIDIARY

	Notes	<u>2020</u> <i>RMB'000</i>
Net assets disposed of:		
Property, plant and equipment		29,704
Cash and cash equivalents		1,548
Bills receivable		200
Prepayments, other receivables and other assets		3,986
Due from a related party		201,833
Right-of-use assets		19,599
Trade payables		(90,507)
Other payables and accruals		(6,323)
Income tax payable		(285)
Contract liabilities		(2,373)
Deferred tax liability	30	(3,925)
		153,457
Gain on disposal of a subsidiary	6	11,085
		<u>164,542</u>
Satisfied by:		
Cash		<u>164,542</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<u>2020</u>
	<i>RMB'000</i>
Cash consideration	164,542
Cash and cash equivalents disposed of	<u>(1,548)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>162,994</u>

35. BUSINESS COMBINATIONS

(a) Pursuant to a capital increase agreement dated November 8, 2021 entered into by and amongst Feng Yi, a third party, our then shareholders and the Company, the registered capital of the Company was increased by RMB263,554,000, which Feng Yi agreed to subscribe at a total amount of RMB590,000,000 and thereby acquiring a 20% equity interest in the Company. On the same date, the Company entered into a share purchase agreement to acquire a 100% shareholding interest of Kang Xuan, which holds a 18% shareholding interest in HPL, from Feng Yi at a total amount of RMB590,000,000 which was fully settled by December 24, 2021.

After the acquisition of Kang Xuan, the Company's aggregate shareholding interest in HPL increased from 36.9% to 54.9% and HPL became a subsidiary of the Group. The substance of the above transactions is that the Company issued its 20% equity interest in exchange for the 18% shareholding interest in HPL. The consideration for the acquisition is the fair value of the 20% equity interest of the Company as at the acquisition date. The acquisition was completed on November 30, 2021 (the "Acquisition Date").

The fair values of the identifiable assets and liabilities of HPL and Kang Xuan as at the Acquisition Date were as follows:

	Notes	<u>Fair value recognized on acquisition</u>
		<i>RMB'000</i>
Property, plant and equipment	13	5,265,294
Intangible asset	15	529,490
Prepayments for property, plant and equipment		363,987
Right-of-use assets	14(a)	2,963
Deferred tax assets	30	1,727
Other non-current assets		630
Inventories		636,339
Trade receivables		416,943
Prepayments, other receivables and other assets		147,218
Due from related parties		5,958
Pledged deposits		120,446

	Notes	<u>Fair value recognized on acquisition</u> <i>RMB'000</i>
Cash and cash equivalents		396,666
Interest-bearing bank borrowings		(3,834,964)
Employee benefits liability	31	(8,505)
Lease liabilities	14(b)	(2,963)
Trade payables		(147,141)
Other payables and accruals*		(511,113)
Due to a related party		<u>(151,319)</u>
Total identifiable net assets at fair value		3,231,656
Non-controlling interests		(1,457,491)
Goodwill on acquisition	16	<u>218,037</u>
Fair value of the issued 20% equity interest of the Company		795,932
The fair value of 36.9% of shareholding interest in HPL previously held		<u>1,196,270</u>
Total Consideration		<u><u>1,992,202</u></u>

* Included in the other payables and accruals are other payables with carrying amounts of RMB31,000 recorded in Kang Xuan.

The goodwill of RMB218,037,000 recognized above comprises the value of expected synergies arising from this acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	<i>RMB'000</i>
Cash received from Feng Yi	(590,000)
Cash and cash equivalents acquired	396,666
Net outflow of cash and cash equivalents included in cash flows from investing activities	(193,334)
Transaction costs of the acquisition included in cash flows from operating activities	<u>(379)</u>
	<u><u>(193,713)</u></u>

The fair values of the trade receivables and prepayments, other receivables and other assets at the Acquisition Date amounted to RMB416,943,000 and RMB147,218,000, respectively. The gross contractual amounts of trade receivables and prepayments, other receivables and other assets were RMB416,943,000 and RMB147,218,000, respectively.

The Group incurred transaction costs of RMB379,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Since the acquisition, HPL contributed nil to the Group's revenue and RMB463,148,000 to the consolidated profit for the year ended December 31, 2021.

Had the combination taken place at the beginning of the year of 2021, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB12,140,677,000 and RMB1,620,887,000, respectively.

- (b) ONC was incorporated on August 20, 2021, which has not commenced any business or operation since its incorporations. ONC became a subsidiary of the Group as the Group obtained control over it with the amendments on the shareholders agreement on November 29, 2021.

The fair values of the identifiable assets of ONC as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	<i>RMB'000</i>
Due from the Group	288,787
Cash and cash equivalents	<u>194,834</u>
Total identifiable net assets at fair value	483,621
Non-controlling interests	(195,195)
Goodwill on acquisition	<u>—</u>
Cash consideration	<u>—</u>
The fair value of shareholding interest previously held	<u>288,426</u>
Total consideration	<u><u>288,426</u></u>

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	<u>—</u>
Cash and cash equivalents acquired	194,834
Net inflow of cash and cash equivalents included in cash flows from investing activities	194,834

Since the acquisition, ONC contributed nil to the Group's revenue and RMB2,540,000 to the consolidated profit for the year ended December 31, 2021.

Had the combination taken place at the beginning of the year of 2021, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB12,449,318,000 and RMB1,259,963,000, respectively.

- (c) DCM was incorporated on November 5, 2007, which has not commenced any business or operation since its incorporation. DCM became a subsidiary of the Group as the Group obtained control over it with the amendments on the shareholders agreement on April 4, 2022, which is a step acquisition without consideration. Refer to note 17 to the Historical Financial Information for the details.

The fair values of the identifiable assets of DCM as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	<i>RMB'000</i>
Property, plant and equipment	7
Prepayments, other receivables and other assets	280
Cash and cash equivalents	848
Other payables and accruals	<u>(7)</u>
Total identifiable net assets at fair value	1,128
Non-controlling interests	(451)
Goodwill on acquisition	<u>—</u>
Cash consideration	<u>—</u>
The fair value of shareholding interest previously held	<u>677</u>
Total consideration	<u><u>677</u></u>

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	<u>—</u>
Cash and cash equivalents acquired	<u>848</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	<u><u>848</u></u>

Since the acquisition, DCM contributed nil to the Group's revenue and RMB352,000 to the consolidated profit for the six months ended June 30, 2022.

Had the combination taken place at the beginning of the year of 2022, the revenue from continuing operations of the Group and the profit of the Group for the six months ended June 30, 2022 would have been RMB9,978,283,000 and RMB2,289,623,000, respectively.

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,926,000, RMB3,753,000, RMB7,676,000 and RMB63,434,000 during the Relevant Periods, respectively, in respect of lease arrangements for office premises.

The Group endorsed certain bills receivable accepted by certain banks in the PRC to certain of its suppliers in order to settle the trade and other payables due to such supplies with carrying amounts in aggregate of RMB64,069,000, RMB68,380,000, RMB50,578,000 and RMB17,896,000 during the Relevant Periods, respectively.

The Company records payments received from certain financiers (the “Lender”) as loans, which amounts are determined based on certain future trade receivables from customers (the “Customer”) for the provision of sale of nickel products, and recognizes trade receivables when delivering products to the Customer. Such loans and trade receivables are offset when all of the following steps are completed: (i) the Lender makes payment to the Company, (ii) the Company delivers products to the Customer, and (iii) the Customer makes repayment to the Lender. The aggregate amounts of such non-cash settlement were RMB596,949,000, RMB251,980,000, RMB612,958,000 and RMB364,971,000 during the Relevant Periods, respectively.

The consideration for the loan from the ultimate holding company amounting to nil, RMB242,517,000, nil and nil was offset with the dividend payable of the Group during the Relevant Periods, respectively.

HPL had non-cash additions of construction in progress from capitalization of depreciation of fixed assets of nil, nil, RMB1,294,000 and RMB7,640,000 during the Relevant Periods, respectively.

The Company issued its 20% equity interest in exchange for the 18% shareholding interest in HPL. Refer to note 35(a) to the Historical Financial Information for the details.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Dividend payable	Lease liabilities	Due to the ultimate holding company
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2019	673,415	1,227	2,066	—
Changes from financing cash flows	1,280,267	—	(991)	—
Non-cash settlement	(534,063)	—	—	—
New lease	—	—	3,926	—
Dividend declared	—	—	—	300,000
Interest accrued	66,468	—	91	—
Foreign exchange differences	7,779	—	—	—
At December 31, 2019 and January 1, 2020	<u>1,493,866</u>	<u>1,227</u>	<u>5,092</u>	<u>300,000</u>
Changes from financing cash flows	(251,621)	(1,227)	(3,874)	(188,159)
Non-cash settlement	(202,815)	—	—	(242,517)
Dividend declared	—	—	—	190,000
New leases	—	—	3,753	—
Interest accrued	41,983	—	193	—
Foreign exchange differences	(56,915)	—	—	—
At December 31, 2020 and January 1, 2021	<u><u>1,024,498</u></u>	<u><u>—</u></u>	<u><u>5,164</u></u>	<u><u>59,324</u></u>

	Interest-bearing bank and other borrowings	Dividend payable	Lease liabilities	Due to the ultimate holding company
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2020 and January 1, 2021	1,024,498	—	5,164	59,324
Changes from financing cash flows	445,313	—	(5,306)	(838,013)
Non-cash settlement	(612,958)	—	—	—
Dividend declared	—	—	—	845,750
New leases	—	—	7,676	—
Interest accrued	79,047	—	244	34
Acquisition of subsidiaries	3,834,964	—	2,963	—
Foreign exchange differences	(19,270)	—	126	—
At December 31, 2021 and January 1, 2022	<u>4,751,594</u>	<u>—</u>	<u>10,867</u>	<u>67,095</u>
Changes from financing cash flows	1,778,225	—	(9,621)	(67,095)
Non-cash settlement	(364,971)	—	—	—
New leases	—	—	63,434	—
Interest accrued	107,108	—	1,409	—
Foreign exchange differences	212,123	—	153	—
At June 30, 2022	<u>6,484,079</u>	<u>—</u>	<u>66,242</u>	<u>—</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Within operating activities	1,605	2,599	19,990	1,747	9,778
Within financing activities	991	3,874	5,306	1,950	9,621
	<u>2,596</u>	<u>6,473</u>	<u>25,296</u>	<u>3,697</u>	<u>19,399</u>

37. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at December 31,			As at
	2019	2020	2021	June 30,
	RMB '000	RMB '000	RMB '000	2022
Contracted, but not provided for:				RMB '000
Property, plant and equipment	67,590	534	2,374,080	4,296,905
Capital contributions payable to joint ventures and associates	841,789	236,876	681	—
	<u>909,379</u>	<u>237,410</u>	<u>2,374,761</u>	<u>4,296,905</u>

38. RELATED PARTY TRANSACTIONS

<u>Name</u>	<u>Relationship</u>
Mr. CAI Jianyong	Executive director
Mr. CAI Jianwei	Executive director
Mr. GE Kaicai	Supervisor
Mrs. XIE Wen	Spouse of an executive director
Mrs. FEI Feng	Executive director
Mr. SONG Zhen	Senior management
Mr. CAI Jiansong	Director of a subsidiary
Mrs. HE Xiaodan	Supervisor of a subsidiary
HPL*	An associate (before November 30, 2021)
HJF	An associate
DCM**	A joint venture (before April 4, 2022)
Suqian Xiangxiang	Subsidiary of the ultimate holding company
Lygend Investment	The ultimate holding company
REGENT SOUND LIMITED (“REGENT”)	Company controlled by a director of a subsidiary
TBP	Shareholder of HPL which has significant influence
PT. Megah Surya Pertiwi (“MSP”)	Entity under common control of TBP
HJR	Parent entity of TBP
PT. Gane Permai Sentosa (“GPS”)	Entity under common control of HJR
PT. Antar Sarana Rekas (“ASR”)	Entity under common control of HJR’s ultimate beneficial owner

<u>Name</u>	<u>Relationship</u>
PT Gema Selaras Perkasa (“GSP”)	Entity under common control of HJR’s ultimate beneficial owner
PT OBI SINAR TIMUR (“OST”)	Entity under common control of HJR
PT Lima Srikandi Jaya (“LSJ”)	Entity under common control of HJR
PT. Pesona Khatulistiwa Nusantara (“PKN”)	Entity under common control of HJR
PT. Mitra Kemakmuran Line (“MKL”)	Entity under common control of HJR

* HPL became a subsidiary of the Group on November 30, 2021 (note 35(a)).

** DCM became a subsidiary of the Group on April 4, 2022 (note 35(c)).

Group

- (a) In addition to the transactions detailed in the Historical Financial Information as stated in notes 8, 11, 21, 22, 27 and 28, the Group had the following transactions with related parties during the Relevant Periods and the six months ended June 30, 2021:

	Notes	Year ended December 31,			Six months ended	
		June 30,				
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
Loans to:						
Lygend Investment	(i)	132,866	149,632	—	—	—
Mr. CAI Jianyong	(i)	50,512	1,698	—	—	—
Mr. CAI Jianwei	(i)	2,000	—	—	—	—
Mr. CAI Jiansong	(i)	3,500	—	—	—	—
Mr. SONG Zhen	(i)	1,201	447	—	—	—
Mrs. FEI Feng	(i)	—	50	—	—	—
Mrs. HE Xiaodan	(i)	—	2,000	—	—	—
Mrs. XIE Wen	(i)	72	—	—	—	—
Mr. GE Kaicai	(i)	27	600	—	—	—
		<u>190,178</u>	<u>154,427</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loans from:						
Lygend Investment	(v)	—	—	20,000	20,000	—
Interests to:						
Lygend Investment	(v)	—	—	34	34	—
Sale of equipment to:						
HJF	(ii)	—	4,134	577,119	187,900	621,509
HPL	(ii)&(iv)	383,553	908,302	308,641	113,652	—
		<u>383,553</u>	<u>912,436</u>	<u>885,760</u>	<u>301,552</u>	<u>621,509</u>
Sale of ancillary materials to:						
HJF	(ii)	—	—	—	—	42,629
Disposal of a subsidiary to:						
Lygend Investment	(iii)	—	164,542	—	—	—

	Notes	Year ended December 31,			Six months ended June 30,	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
Purchase of equipment from:						
Lygend Investment	(ii)	—	—	1,154	—	—
Suqian Xiangxiang	(ii)	—	—	2,313	2,283	—
		—	—	3,467	2,283	—
		<u>—</u>	<u>—</u>	<u>3,467</u>	<u>2,283</u>	<u>—</u>
Purchase of nickel products from:						
HPL	(ii)&(iv)	—	—	1,212,143	136,551	—
MSP	(ii)	—	—	2,552,036	—	1,132,366
GPS	(ii)	—	—	1,079	—	132,632
TBP	(ii)	—	—	66,144	—	443,529
PKN	(ii)	—	—	—	—	61,545
REGENT	(ii)	351,441	299,070	—	—	—
		<u>351,441</u>	<u>299,070</u>	<u>3,831,402</u>	<u>136,551</u>	<u>1,770,072</u>

	Notes	Year ended December 31,			Six months ended June 30,	
		2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
Purchases of service from:						
TBP	(ii)	—	—	15,666	—	23,799
LSJ	(ii)	—	—	1,124	—	1,615
MSP	(ii)	—	—	1,514	—	1,207
ASR	(ii)	—	—	896	—	4,250
MKL	(ii)	—	—	—	—	4,371
GSP	(ii)	—	—	243	—	1,071
		—	—	19,443	—	36,313
		<u>—</u>	<u>—</u>	<u>19,443</u>	<u>—</u>	<u>36,313</u>
Payments on behalf by:						
TBP	(vi)	—	—	—	—	37,851
GPS	(vi)	—	—	—	—	40
MSP	(vi)	—	—	—	—	117
HJF	(vi)	—	—	—	—	12,177
		—	—	—	—	50,185
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>50,185</u>
Payment on behalf of:						
HJF	(vi)	—	—	—	—	43,981
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>43,981</u>

Notes:

- (i) The loans granted to Lygend Investment, Mr. CAI Jianyong, Mr. CAI Jianwei, Mr. CAI Jiansong, Mr. SONG Zhen, Mrs. FEI Feng, Mrs. HE Xiaodan, Mrs. XIE Wen and Mr. GE Kaicai is unsecured, non-interest-bearing and is repayable on demand.
 - (ii) The purchases from and sales to the related parties were made according to the published prices and conditions between the Group and its major customers and suppliers.
 - (iii) On November 26, 2020, the Group disposed of its entire 100% equity interest in Suqian Xiangxiang to the ultimate holding company, Lygend Investment, at a consideration of RMB164,542,000. The consideration for the disposal is the fair value of the 100% equity interest of Suqian Xiangxiang (note 34).
 - (iv) The purchases from and sales to HPL during the year of 2021 represent the transaction for the eleven months ended the Acquisition Date.
 - (v) The loans from Lygend Investment bear interest at the rate of 4.35% per annum. The balance was unsecured and repayable on demand.
 - (vi) The payments on behalf by and of the related parties were reimbursement for miscellaneous site expenses.
- (b) Other transactions with related parties:

As at December 31, 2019 and 2020 and the Acquisition Date, the Company has guaranteed certain of the bank borrowings made to its associate HPL, amounting to RMB1,168,514,000, RMB2,153,217,000 and RMB3,600,699,000, respectively. As at December 31, 2019, 2020 and 2021 and June 30, 2022, the Company has guaranteed certain of the bank borrowings made to its associate HJF, amounting to nil, nil, RMB1,581,481,000 and RMB3,511,576,000, respectively. The above bank borrowings were also jointly guaranteed by HJR. The Company's shareholdings in HPL and HJF are also pledged to secure the above bank borrowings. In the opinion of the directors, these guarantees mentioned above are not expected to be released upon the completion of the Listing.

In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Company were insignificant at initial recognition and at December 31, 2019, 2020 and 2021 and June 30, 2022, accordingly, no value has been recognized at the inception of the guarantee contracts and on the consolidated statements of financial position as at December 31, 2019, 2020 and 2021 and June 30, 2022. The directors of the Company consider that the loss rate of these guarantees is low.

HPL entered agreements which effective from April 12, 2021 to December 31, 2030 with GPS and TBP to purchase nickel ore for HPL's production. The amounts of total purchases from GPS and

TBP for the one month ended December 31, 2021 since the acquisition are included in note 38(a). HPL expects total purchases from GPS and TBP from July 1 2022 to 2030 to be approximately USD270,324,000 and USD222,537,000, respectively.

HPL entered an agreement with TBP for the payment of levy related to the use of certain land located on the Obi Island, Indonesia, which includes in the license (IPPKH – Izin Pinjam Pakai Kawasan Hutan) obtained by TBP from the government to permit TBP to operate in OBI Island. The payment is calculated with reference to the area of land used by HPL and the rate of fees charged by the relevant local government authority in Indonesia.

(c) Outstanding balances with related parties:

	Notes	As at December 31,			As at
		2019	2020	2021	June 30,
		RMB '000	RMB '000	RMB '000	2022
					RMB '000
Due from directors:					
Mr. CAI Jianyong	(ii)	17,532	—	—	—
Mr. CAI Jianwei	(ii)	2,000	—	—	—
		19,532	—	—	—
Due from related parties:					
Mr. SONG Zhen	(ii)	1,239	—	—	—
Mrs. XIE Wen	(ii)	72	—	—	—
		1,311	—	—	—
Due from the ultimate holding company:					
Lygend Investment	(ii)	329,335	—	—	—
Due from associates:					
HPL	(iii)	—	204,555	N/A	N/A
HJF	(iii)	—	1	9,118	59,098
		—	204,556	9,118	59,098
Due from related parties:					
MSP	(iii)	—	—	—	370
TBP	(iv)	—	—	94,360	95,477
		—	—	94,360	95,847
Due to the ultimate holding company:					
Lygend Investment	(iii)	—	—	1,282	—
Lygend Investment	(vii)	—	—	34	—

	Notes	As at December 31,			As at
		2019	2020	2021	June 30,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lygend Investment	(vi)	300,000	59,324	67,061	—
		<u>300,000</u>	<u>59,324</u>	<u>68,377</u>	<u>—</u>
Due to an associate:					
HJF	(v)	129,150	—	—	—
		<u>129,150</u>	<u>—</u>	<u>—</u>	<u>—</u>
Due to related parties:					
TBP	(iii)	—	—	160,355	183,956
GSP	(iii)	—	—	327	—
MSP	(iii)	—	—	1,213	174,179
PKN	(iii)	—	—	—	9,300
ASR	(iii)	—	—	601	1,037
GPS	(iii)	—	—	1,554	44,082
LSJ	(iii)	—	—	294	298
MKL	(iii)	—	—	—	1,042
OST	(iii)	—	—	7	12
		<u>—</u>	<u>—</u>	<u>164,351</u>	<u>413,906</u>

Notes:

- (i) Details of the Group's amounts due from directors are included in note 22 to the Historical Financial Information.
- (ii) The balances with directors and related parties are unsecured, interest-free and repayable on demand and the balances are non-trade in nature.
- (iii) The balances with related parties are trade in nature.
- (iv) The balance represents capital contribution receivable for 25% of the authorised capital of a subsidiary of the Group under the laws of Indonesia, which is non-trade in nature. In the opinion of the directors, the balance will not be settled prior to the Listing.
- (v) The balance of RMB129,150,000 as at December 31, 2019 represents capital contribution payable by the Company to HJF for 25% of the authorised capital under the laws of Indonesia, which is non-trade in nature.
- (vi) The balances represent dividend payables by the Company, which are non-trade in nature and have been settled by June 2022.
- (vii) The balance represents interest payable by the Company, which is non-trade in nature.

(d) Compensation of key management personnel of the Group:

	Year ended December 31,			Six months ended June 30,	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Salaries, bonuses, allowances and benefits in kind	7,257	13,863	54,968	7,598	41,816
Pension scheme contributions	166	164	171	86	112
	<u>7,423</u>	<u>14,027</u>	<u>55,139</u>	<u>7,684</u>	<u>41,928</u>

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

39. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that have material non-controlling interests are set out below:

	As at December 31, 2021	As at June 30, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Percentage of equity interest held by non-controlling interests:		
HPL	45.1%	45.1%
Accumulated balances of non-controlling interests:		
HPL	1,610,012	2,659,792
	From the	Six months ended
	Acquisition Date to	June 30, 2022
	December 31, 2021	
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period allocated to non-controlling interests:		
HPL	153,504	938,282

The following tables illustrate the summarized financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	As at December 31, 2021	As at June 30, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	1,755,465	2,958,481
Non-current assets	6,291,773	7,948,127
Current liabilities	(878,587)	(1,109,255)
Non-current liabilities	(3,604,413)	(3,899,810)
	From the	
	Acquisition Date to	Six months ended
	December 31, 2021	June 30, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	926,414	3,872,885
Other income	4,772	75,573
Total expenses	(590,822)	(1,868,010)
Profit for the period	340,364	2,080,448
Other comprehensive profit/(loss) for the period	(2,181)	252,857
Net cash flows from operating activities	550,041	1,455,822
Net cash flows used in investing activities	(1,828,018)	(1,268,208)
Net cash flows from financing activities	1,830,333	87,288
Net increase in cash and cash equivalents	552,356	274,902

40. SHARE-BASED PAYMENT

On October 20, 2021, the board of directors of the Company passed a resolution in relation to a pre-IPO share incentive scheme, to issue 25,915,000 domestic shares (“Restricted Domestic Shares”) to the eligible employees (including directors and supervisors) in order to provide incentives and rewards to participants for the business development of the Group. The Restricted Domestic Shares were subscribed at the price of RMB3.02 per share by the four Employee Incentive Platforms. Cash consideration of RMB78,264,000, in aggregate, was received by the Company in December 2021 (note 32).

There are service periods requirement, but no performance target requirements for the share grants. If the eligible participant resigns during the period of service periods requirement, the management committee of the Employee Incentive Platforms shall have the right (but not the liability) to purchase his/her share at cost plus market interest. These granted Restricted Domestic Shares will be unlocked over a four-year period, with up to 25%, 25%, 25% and 25% of the awards unlocking on the first, second, third and fourth anniversary dates of 12 months immediately following the date of the Company’s listing of H shares.

Restricted Domestic Shares were issued at fair value at the grant date, which was determined by an external valuer by the discounted cash flow method. Thus, during the year ended December 31, 2021 and the six months ended June 30, 2022, no share-based payment expense was charged to profit or loss.

The following table lists the inputs to the model used:

	Year ended December 31, 2021
Risk-free interest rate	3.4%
Discount rate	15.0%
Discount for lack of marketability	14.0%

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Group

Financial assets

As at December 31, 2019

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	—	861,248	—	861,248
Bills receivable	—	1,076	100	1,176
Financial assets included in prepayments, other receivables and other assets	—	116,818	—	116,818
Due from related parties	—	350,178	—	350,178
Financial assets at fair value through profit or loss ...	187,050	—	—	187,050
Pledged deposits	—	561,423	—	561,423
Cash and cash equivalents	—	188,399	—	188,399
	<u>187,050</u>	<u>2,079,142</u>	<u>100</u>	<u>2,266,292</u>

As at December 31, 2020

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	—	498,742	—	498,742
Bills receivable	—	40,067	10,400	50,467
Financial assets included in prepayments, other receivables and other assets	—	91,634	—	91,634
Due from related parties	—	204,556	—	204,556
Financial assets at fair value through profit or loss . . .	152,398	—	—	152,398
Pledged deposits	—	502,157	—	502,157
Cash and cash equivalents	—	256,903	—	256,903
	<u>152,398</u>	<u>1,594,059</u>	<u>10,400</u>	<u>1,756,857</u>

As at December 31, 2021

	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	1,009,594	—	1,009,594
Bills receivable	11,199	4,410	15,609
Financial assets included in prepayments, other receivables and other assets	129,689	—	129,689
Due from related parties	103,478	—	103,478
Pledged deposits	639,031	—	639,031
Cash and cash equivalents	1,413,298	—	1,413,298
	<u>3,306,289</u>	<u>4,410</u>	<u>3,310,699</u>

As at June 30, 2022

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	—	1,858,076	—	1,858,076
Bills receivable	—	4,691	3,454	8,145
Financial assets included in prepayments, other receivables and other assets	—	223,328	—	223,328
Due from related parties	—	154,945	—	154,945
Financial assets at fair value through profit or loss . . .	120,482	—	—	120,482
Pledged deposits	—	649,253	—	649,253
Cash and cash equivalents	—	2,959,391	—	2,959,391
	<u>120,482</u>	<u>5,849,684</u>	<u>3,454</u>	<u>5,973,620</u>

Financial liabilities

As at December 31, 2019

	<u>Financial liabilities at amortized cost</u>
	<i>RMB'000</i>
Trade and bills payables	594,273
Financial liabilities included in other payables and accruals	9,853
Interest-bearing bank and other borrowings	1,493,866
Due to related parties	<u>429,150</u>
	<u>2,527,142</u>

As at December 31, 2020

	<u>Financial liabilities at amortized cost</u>
	<i>RMB'000</i>
Trade and bills payables	632,323
Financial liabilities included in other payables and accruals	9,340
Interest-bearing bank and other borrowings	1,024,498
Due to a related party	<u>59,324</u>
	<u>1,725,485</u>

As at December 31, 2021

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	728,414	728,414
Financial liabilities included in other payables and accruals	—	637,687	637,687
Financial liabilities at fair value through profit or loss	6,771	—	6,771
Interest-bearing bank and other borrowings	—	4,751,594	4,751,594
Due to related parties	—	232,728	232,728
	<u>6,771</u>	<u>6,350,423</u>	<u>6,357,194</u>

As at June 30, 2022

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	1,005,063	1,005,063
Financial liabilities included in other payables and accruals	—	728,986	728,986
Interest-bearing bank and other borrowings	—	6,484,079	6,484,079
Due to related parties	—	413,906	413,906
	<u>—</u>	<u>8,632,034</u>	<u>8,632,034</u>

Company

Financial assets

As at December 31, 2019

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	—	168,439	—	168,439
Financial assets included in prepayments, other receivables and other assets	—	7,183	—	7,183
Due from related parties	—	349,141	—	349,141
Due from subsidiaries	—	980,894	—	980,894
Financial assets at fair value through profit or loss . . .	177,000	—	—	177,000
Pledged deposits	—	60,875	—	60,875
Cash and cash equivalents	—	66,107	—	66,107
	<u>177,000</u>	<u>1,632,639</u>	<u>—</u>	<u>1,809,639</u>

As at December 31, 2020

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	—	218,292	—	218,292
Bills receivable	—	24,500	8,000	32,500
Financial assets included in prepayments, other receivables and other assets	—	6,534	—	6,534
Due from subsidiaries	—	660,359	—	660,359
Financial assets at fair value through profit or loss	22,000	—	—	22,000
Pledged deposits	—	61,045	—	61,045
Cash and cash equivalents	—	25,546	—	25,546
	<u>22,000</u>	<u>996,276</u>	<u>8,000</u>	<u>1,026,276</u>

As at December 31, 2021

	Financial assets at amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	328,553	328,553
Financial assets included in prepayments, other receivables and other assets	4,427	4,427
Due from subsidiaries	637,902	637,902
Pledged deposits	222,066	222,066
Cash and cash equivalents	104,700	104,700
	<u>1,297,648</u>	<u>1,297,648</u>

As at June 30, 2022

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	—	362,988	362,988
Financial assets included in prepayments, other receivables and other assets	—	46,680	46,680
Due from subsidiaries	—	778,591	778,591
Financial assets at fair value through profit or loss	70,000	—	70,000
Pledged deposits	—	253,623	253,623
Cash and cash equivalents	—	817,525	817,525
	<u>70,000</u>	<u>2,259,407</u>	<u>2,329,407</u>

Financial liabilities

As at December 31, 2019

	Financial liabilities at amortized cost
	<i>RMB'000</i>
Trade and bills payables	66,695
Financial liabilities included in other payables and accruals	4,742
Interest-bearing bank and other borrowings	507,865
Due to related parties	430,806
Due to subsidiaries	<u>1,334,552</u>
	<u>2,344,660</u>

As at December 31, 2020

	Financial liabilities at amortized cost
	<i>RMB'000</i>
Trade and bills payables	386,640
Financial liabilities included in other payables and accruals	1,426
Interest-bearing bank and other borrowings	722,121
Due to subsidiaries	576,507
Due to a related party	<u>59,324</u>
	<u>1,746,018</u>

Financial Liabilities

As at December 31, 2021

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	369,151	369,151
Financial liabilities included in other payables and accruals	—	53,029	53,029
Financial liabilities at fair value through profit or loss	1,741	—	1,741
Interest-bearing bank and other borrowings	—	842,116	842,116
Due to subsidiaries	—	571,124	571,124
Due to related parties	—	67,095	67,095
	<u>1,741</u>	<u>1,902,515</u>	<u>1,904,256</u>

As at June 30, 2022

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	630,320	630,320
Financial liabilities included in other payables and accruals	—	12,070	12,070
Interest-bearing bank and other borrowings	—	1,679,515	1,679,515
Due to subsidiaries	—	402,988	402,988
Due to related parties	—	174,179	174,179
	<u>—</u>	<u>2,899,072</u>	<u>2,899,072</u>

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, trade receivables, the current portion of pledged deposits, trade payables, the current portion of interest-bearing bank and other borrowings, financial liabilities included in other payables and accruals and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The

finance department reports directly to the chief financial officer. At the end of each of the Relevant Periods, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of pledged deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant. All the carrying amounts of the Group's non-current portion of pledged deposits and interest-bearing bank borrowings approximate to their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Group

Assets measured at fair value:

As at December 31, 2019

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bills receivable	—	100	—	100
Financial assets at fair value through profit or loss	—	187,050	—	187,050
	—	187,150	—	187,150
	<u>—</u>	<u>187,150</u>	<u>—</u>	<u>187,150</u>

As at December 31, 2020

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bills receivable	—	10,400	—	10,400
Financial assets at fair value through profit or loss	—	152,398	—	152,398
	<u>—</u>	<u>162,798</u>	<u>—</u>	<u>162,798</u>

As at December 31, 2021

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bills receivable	—	4,410	—	4,410

As at June 30, 2022

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bills receivable	—	3,454	—	3,454
Financial assets at fair value through profit or loss	—	120,482	—	120,482
	<u>—</u>	<u>123,936</u>	<u>—</u>	<u>123,936</u>

Liabilities measured at fair value:

As at December 31, 2021

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities at fair value through profit or loss . . .	—	6,771	—	6,771

Company

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

Assets measured at fair value:

As at December 31, 2019

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	—	177,000	—	177,000

As at December 31, 2020

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bills receivable	—	8,000	—	8,000
Financial assets at fair value through profit or loss	—	22,000	—	22,000
	—	30,000	—	30,000

As at June 30, 2022

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Financial assets at fair value through profit or loss	—	70,000	—	70,000

Company

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

Liabilities measured at fair value:

As at December 31, 2021

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Financial liabilities at fair value through profit or loss	—	1,741	—	1,741

The Group and the Company did not have any financial liabilities measured at fair value as at December 31, 2019 and 2020 and June 30, 2022.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these

risks and they are summarized below. The Group's accounting policies in relation to derivatives are set out in note 2.3 to the financial statements.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position.

The following table demonstrates the sensitivity as at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to translation of monetary assets and liabilities) and the Group's equity.

Group

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
		<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2019			
If the RMB weakens against the USD	5%	20,256	19,494
If the RMB strengthens against the USD	(5%)	(20,256)	(19,494)
December 31, 2020			
If the RMB weakens against the USD	5%	12,108	15,190
If the RMB strengthens against the USD	(5%)	(12,108)	(15,190)
December 31, 2021			
If the RMB weakens against the USD	5%	16,346	17,446
If the RMB strengthens against the USD	(5%)	(16,346)	(17,446)
If the RMB weakens against the IDR	5%	(1,743)	(643)
If the RMB strengthens against the IDR	(5%)	1,743	643
June 30, 2022			
If the RMB weakens against the USD	5%	73,000	83,766
If the RMB strengthens against the USD	(5%)	(73,000)	(83,766)
If the RMB weakens against the IDR	5%	138	117
If the RMB strengthens against the IDR	(5%)	(138)	(117)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In

addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year/period-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on aging information unless other information is available without undue cost or effort, and year staging classification. The amounts presented are gross carrying amounts for financial assets.

Group

As at December 31, 2019

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	863,753	863,753
Bills receivable**	1,176	—	—	—	1,176
Financial assets included in prepayments, other					
receivables and other assets — Normal**	118,269	—	—	—	118,269
— Doubtful**	—	—	26	—	26
Due from related parties — Normal**	350,178	—	—	—	350,178
Pledged deposits — Normal**	561,423	—	—	—	561,423
Cash and cash equivalents — Not yet past due	188,399	—	—	—	188,399
	<u>1,219,445</u>	<u>—</u>	<u>26</u>	<u>863,753</u>	<u>2,083,224</u>

As at December 31, 2020

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables*	—	—	—	500,872	500,872
Bills receivable**	50,467	—	—	—	50,467
Financial assets included in prepayments, other					
receivables and other assets — Normal**	92,314	—	—	—	92,314
Due from related parties — Normal**	204,556	—	—	—	204,556
Pledged deposits — Normal**	502,157	—	—	—	502,157
Cash and cash equivalents — Not yet past due	256,903	—	—	—	256,903
	<u>1,106,397</u>	<u>—</u>	<u>—</u>	<u>500,872</u>	<u>1,607,269</u>

As at December 31, 2021

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables*	—	—	—	1,015,990	1,015,990
Bills receivable**	15,609	—	—	—	15,609
Financial assets included in prepayments, other					
receivables and other assets — Normal**	130,274	—	—	—	130,274
Due from related parties — Normal**	103,478	—	—	—	103,478
Pledged deposits — Normal**	639,031	—	—	—	639,031
Cash and cash equivalents — Not yet past due	1,413,298	—	—	—	1,413,298
	<u>2,301,690</u>	<u>—</u>	<u>—</u>	<u>1,015,990</u>	<u>3,317,680</u>

As at June 30, 2022

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	1,867,017	1,867,017
Bills receivable**	8,145	—	—	—	8,145
Financial assets included in prepayments, other					
receivables and other assets — Normal**	224,059	—	—	—	224,059
Due from related parties — Normal**	154,945	—	—	—	154,945
Pledged deposits — Normal**	649,253	—	—	—	649,253
Cash and cash equivalents — Not yet past due . . .	2,959,391	—	—	—	2,959,391
	<u>3,995,793</u>	<u>—</u>	<u>—</u>	<u>1,867,017</u>	<u>5,862,810</u>

Company

As at December 31, 2019

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	168,968	168,968
Financial assets included in prepayments, other					
receivables and other assets — Normal**	7,321	—	—	—	7,321
Due from related parties — Normal**	349,141	—	—	—	349,141
Due from subsidiaries — Normal**	980,894	—	—	—	980,894
Pledged deposits — Normal**	60,875	—	—	—	60,875
Cash and cash equivalents — Not yet past due	66,107	—	—	—	66,107
	<u>1,464,338</u>	<u>—</u>	<u>—</u>	<u>168,968</u>	<u>1,633,306</u>

As at December 31, 2020

	12-month				Total
	ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	219,122	219,122
Bills receivable**	32,500	—	—	—	32,500
Financial assets included in prepayments, other					
receivables and other assets — Normal**	6,808	—	—	—	6,808
Due from subsidiaries — Normal**	660,359	—	—	—	660,359
Pledged deposits — Normal**	61,045	—	—	—	61,045
Cash and cash equivalents — Not yet past due	25,546	—	—	—	25,546
	<u>786,258</u>	<u>—</u>	<u>—</u>	<u>219,122</u>	<u>1,005,380</u>

As at December 31, 2021

	12-month				Total
	ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	330,729	330,729
Financial assets included in prepayments, other					
receivables and other assets — Normal**	4,701	—	—	—	4,701
Due from subsidiaries — Normal**	637,902	—	—	—	637,902
Pledged deposits — Normal**	222,066	—	—	—	222,066
Cash and cash equivalents — Not yet past due	104,700	—	—	—	104,700
	<u>969,369</u>	<u>—</u>	<u>—</u>	<u>330,729</u>	<u>1,300,098</u>

As at June 30, 2022

	12-month		Lifetime ECLs		
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	366,213	366,213
Financial assets included in prepayments, other receivables and other assets — Normal**	46,954	—	—	—	46,954
Due from subsidiaries — Normal**	778,591	—	—	—	778,591
Pledged deposits — Normal**	253,623	—	—	—	253,623
Cash and cash equivalents — Not yet past due	817,525	—	—	—	817,525
	<u>1,896,693</u>	<u>—</u>	<u>—</u>	<u>366,213</u>	<u>2,262,906</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

** The credit qualities of the bills receivable, financial assets included in prepayments, other receivables and other assets, financial assets at fair value through profit or loss, pledged deposits and amounts due from related parties and subsidiaries is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing loans.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

Group

	As at December 31, 2019				
	On	Less than	3 to 12	1 to 5	Total
	demand	3 months	months	years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	525,135	69,138	—	—	594,273
Financial liabilities included in other payables and accruals	2,711	3,654	1,524	1,964	9,853
Lease liabilities	—	310	1,590	3,473	5,373
Due to related parties	429,150	—	—	—	429,150
Financial guarantee contracts	—	6,334	1,240,549	—	1,246,883
Interest-bearing bank and other borrowings	—	1,218,482	289,292	—	1,507,774
	<u>956,996</u>	<u>1,297,918</u>	<u>1,532,955</u>	<u>5,437</u>	<u>3,793,306</u>
	As at December 31, 2020				
	On	Less than	3 to 12	1 to 5	Total
	demand	3 months	months	years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	473,801	158,522	—	—	632,323
Financial liabilities included in other payables and accruals	2,368	809	3,436	2,727	9,340
Lease liabilities	152	517	2,825	2,008	5,502
Due to a related party	59,324	—	—	—	59,324
Financial guarantee contracts	—	—	2,160,636	—	2,160,636
Interest-bearing bank and other borrowings	—	655,665	387,590	—	1,043,255
	<u>535,645</u>	<u>815,513</u>	<u>2,554,487</u>	<u>4,735</u>	<u>3,910,380</u>

As at December 31, 2021

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	567,099	161,315	—	—	728,414
Financial liabilities included in other payables and accruals	588,437	45,785	3,465	—	637,687
Lease liabilities	—	4,202	4,636	2,254	11,092
Due to related parties	232,728	—	—	—	232,728
Financial guarantee contracts	—	—	1,617,569	—	1,617,569
Interest-bearing bank and other borrowings ...	—	768,690	391,047	3,730,520	4,890,257
	<u>1,388,264</u>	<u>979,992</u>	<u>2,016,717</u>	<u>3,732,774</u>	<u>8,117,747</u>

As at June 30, 2022

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	887,032	116,138	1,893	—	1,005,063
Financial liabilities included in other payables and accruals	727,745	235	562	444	728,986
Lease liabilities	1,410	5,711	10,958	58,915	76,994
Due to related parties	413,906	—	—	—	413,906
Financial guarantee contracts	—	61,205	143,791	4,000,763	4,205,759
Interest-bearing bank and other borrowings ...	—	1,916,445	691,441	4,050,684	6,658,570
	<u>2,030,093</u>	<u>2,099,734</u>	<u>848,645</u>	<u>8,110,806</u>	<u>13,089,278</u>

Company

	As at December 31, 2019				
	On	Less than	3 to 12	1 to 5	Total
	demand	3 months	months	years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	65,626	1,069	—	—	66,695
Financial liabilities included in other payables and accruals	696	3,528	518	—	4,742
Due to related parties	430,806	—	—	—	430,806
Financial guarantee contracts	—	6,334	1,240,549	—	1,246,883
Due to subsidiaries	1,334,552	—	—	—	1,334,552
Interest-bearing bank and other borrowings	—	247,451	265,096	—	512,547
	<u>1,831,680</u>	<u>258,382</u>	<u>1,506,163</u>	<u>—</u>	<u>3,596,225</u>

	As at December 31, 2020				
	On	Less	3 to 12	1 to 5	Total
	demand	than 3	months	years	
	RMB'000	months	RMB'000	RMB'000	RMB'000
Trade and bills payables	330,085	56,555	—	—	386,640
Financial liabilities included in other payables and accruals	1,426	—	—	—	1,426
Due to subsidiaries	576,507	—	—	—	576,507
Due to a related party	59,324	—	—	—	59,324
Financial guarantee contracts	—	—	2,160,636	—	2,160,636
Interest-bearing bank and other borrowings	—	418,565	312,614	—	731,179
	<u>967,342</u>	<u>475,120</u>	<u>2,473,250</u>	<u>—</u>	<u>3,915,712</u>

	As at December 31, 2021				
	On	Less	3 to 12	1 to 5	Total
	demand	than 3	months	years	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	284,651	84,500	—	—	369,151
Financial liabilities included in other payables and accruals	15,166	37,863	—	—	53,029
Due to subsidiaries	571,124	—	—	—	571,124
Due to related parties	67,095	—	—	—	67,095
Financial guarantee contracts	—	—	1,617,569	—	1,617,569
Interest-bearing bank and other borrowings	—	458,710	391,047	—	849,757
	<u>938,036</u>	<u>581,073</u>	<u>2,008,616</u>	<u>—</u>	<u>3,527,725</u>

	As at June 30, 2022				
	On	Less than 3	3 to 12	1 to 5	Total
	demand	months	months	years	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	588,502	41,818	—	—	630,320
Financial liabilities included in other payables and accruals	12,070	—	—	—	12,070
Lease liabilities	—	—	363	363	726
Due to subsidiaries	402,988	—	—	—	402,988
Due to related parties	174,179	—	—	—	174,179
Financial guarantee contracts	—	61,205	143,791	4,000,763	4,205,759
Interest-bearing bank and other borrowings	—	1,158,441	536,885	—	1,695,326
	<u>1,177,739</u>	<u>1,261,464</u>	<u>681,039</u>	<u>4,001,126</u>	<u>7,121,368</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares.

	As at December 31,			As at
	2019	2020	2021	June 30, 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank and other borrowings	1,493,866	1,024,498	4,751,594	6,484,079
Trade and bills payables	594,273	632,323	728,414	1,005,063
Lease liabilities	5,092	5,164	10,867	66,242
Other payables and accruals	203,967	193,625	836,247	1,002,074
Due to related parties	429,150	59,324	232,728	413,906
Less: Cash and cash equivalents	188,399	256,903	1,413,298	2,959,391
Pledged deposits	561,423	502,157	639,031	649,253
Net debt	<u>1,976,526</u>	<u>1,155,874</u>	<u>4,507,521</u>	<u>5,362,720</u>
Equity attributable to owners of the parent	<u>1,144,232</u>	<u>1,389,996</u>	<u>3,138,398</u>	<u>4,676,280</u>
Capital and net debt	<u>3,120,758</u>	<u>2,545,870</u>	<u>7,645,919</u>	<u>10,039,000</u>
Gearing ratio	<u>63%</u>	<u>45%</u>	<u>59%</u>	<u>53%</u>

44. EVENTS AFTER JUNE 30, 2022

There were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to June 30, 2022.