赣锋锂业
GanfengLithium

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

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

(Stock Code: 1772)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Ganfeng Lithium Co., Ltd. (the "**Company**" or "**our Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2021 (the "**Reporting Period**").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	**2021 (Unaudited) *RMB'000***	2020 (Unaudited) RMB'000
Revenue	4(a)	**4,025,024**	2,374,606
Cost of sales		**(2,619,711)**	(1,912,838)
Gross profit		**1,405,313**	461,768
Other income and gains	4(b)	**676,479**	134,138
Selling and distribution expenses		**(23,920)**	(26,308)
Administrative expenses		**(210,916)**	(106,718)
Other expenses	5	**(39,343)**	(164,000)
Finance costs	6	**(142,921)**	(120,880)
Share of profits and losses of:			
Associates		**36,752**	(22,335)
Joint ventures		**(63,275)**	35,537
Profit before tax	7	**1,638,169**	191,202
Income tax expense	8	**(176,945)**	(33,715)
Profit for the period		**1,461,224**	157,487
Profit for the period attributable to:			
Owners of the parent		**1,415,176**	157,696
Non-controlling interests		**46,048**	(209)
		1,461,224	157,487
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the period *(RMB)*	10	**1.04**	0.12
Diluted			
– For profit for the period *(RMB)*	10	**1.04**	0.12

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	**1,461,224**	157,487
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(55,820)**	75,091
Share of other comprehensive income of associates and joint ventures	**(907)**	–
Other comprehensive income for the period, net of tax	**(56,727)**	75,091
Total comprehensive income for the period, net of tax	**1,404,497**	232,578
Attributable to:		
Owners of the parent	**1,376,029**	231,718
Non-controlling interests	**28,468**	860
	1,404,497	232,578

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	**30 June 2021 (Unaudited)** ***RMB'000***	31 December 2020 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,985,735**	6,102,190
Investment properties		**73**	74
Right-of-use assets		**325,153**	210,260
Other intangible assets		**3,471,104**	3,407,003
Investments in associates		**1,343,755**	847,569
Investments in joint ventures		**996,176**	788,768
Financial assets at fair value through profit or loss		**1,493,315**	879,587
Deferred tax assets		**109,417**	40,363
Other non-current assets		**2,012,693**	969,728
Total non-current assets		**16,737,421**	13,245,542
CURRENT ASSETS			
Inventories		**2,495,280**	2,214,817
Trade receivables	11	**1,776,122**	1,355,775
Debt instruments at fair value through other comprehensive income	12	**678,363**	409,189
Amounts due from related parties		**35,836**	25,435
Prepayments, other receivables and other assets		**1,213,157**	2,506,909
Financial assets at fair value through profit or loss		**141,443**	87,117
Pledged deposits		**561,000**	466,000
Cash and cash equivalents		**6,497,225**	1,709,590
Total current assets		**13,398,426**	8,774,832

	Note	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,544,412**	2,287,894
Trade and bills payables	13	**1,485,984**	870,414
Amounts due to related parties		**17,505**	172,835
Other payables and accruals		**1,113,460**	647,576
Income tax payable		**187,224**	99,065
Total current liabilities		**6,348,585**	4,077,784
NET CURRENT ASSETS		**7,049,841**	4,697,048
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,787,262**	17,942,590
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,778,650**	1,682,411
Convertible bonds		**–**	2,133,824
Deferred income		**88,557**	64,359
Deferred tax liabilities		**17,190**	63,837
Amounts due to related parties		**426,941**	283,255
Provision		**7,699**	7,279
Other non-current liabilities		**299,076**	289,220
Total non-current liabilities		**2,618,113**	4,524,185
Net assets		**21,169,149**	13,418,405
EQUITY			
Equity attributable to owners of the parent			
Share capital		**1,437,479**	1,339,961
Equity component of convertible bonds		**–**	582,381
Reserves		**16,758,933**	8,783,282
		18,196,412	10,705,624
Non-controlling interests		**2,972,737**	2,712,781
Total equity		**21,169,149**	13,418,405

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in United States dollars and foreign currencies based on the London Interbank Offered Rate ("**LIBOR**") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Six months ended 30 June 2021	Lithium metal and compound (Unaudited) *RMB'000*	Lithium battery (Unaudited) *RMB'000*	Lithium ore resource (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Segment revenue *(note 4)*				
Sales to external customers	**3,258,142**	**765,177**	**1,705**	**4,025,024**
Intersegment sales	**1,009**	**1,841**	**11,646**	**14,496**
	3,259,151	**767,018**	**13,351**	**4,039,520**
Reconciliation:				
Elimination of intersegment sales				**(14,496)**
Revenue				**4,025,024**
Segment results	**1,677,334**	**35,723**	**1,130**	**1,714,187**
Reconciliation:				
Elimination of intersegment results				
Interest income				**66,306**
Finance costs (other than interest on lease liabilities)				**(142,324)**
Profit before tax				**1,638,169**

Six months ended 30 June 2020	Lithium metal and compound (Unaudited) *RMB'000*	Lithium battery (Unaudited) *RMB'000*	Lithium ore resource (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Segment revenue *(note 4)*				
Sales to external customers	1,958,874	415,732	–	2,374,606
Intersegment sales	794	878	19	1,691
	1,959,668	416,610	19	2,376,297
Reconciliation:				
Elimination of intersegment sales				(1,691)
Revenue				2,374,606
Segment results	292,969	(45,677)	5,648	252,940
Reconciliation:				
Elimination of intersegment results				
Interest income				58,520
Finance costs (other than interest on lease liabilities)				(120,258)
Profit before tax				191,202

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020, respectively.

	Lithium metal and compound *RMB'000*	**Lithium battery** *RMB'000*	**Lithium ore resource** *RMB'000*	**Total** *RMB'000*
Segment assets				
30 June 2021 (Unaudited)	16,703,539	3,341,266	10,091,042	30,135,847
31 December 2020 (Audited)	10,822,768	2,054,612	9,142,994	22,020,374
Segment liabilities				
30 June 2021 (Unaudited)	5,632,915	2,446,737	887,046	8,966,698
31 December 2020 (Audited)	6,795,534	1,055,763	750,672	8,601,969

Seasonal factors have no significant impact on the Group's segment revenue and segment results.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

(a) Revenue

	For the six months ended 30 June	
	2021 **(Unaudited)** ***RMB'000***	2020 (Unaudited) *RMB'000*
Revenue from contracts with customers	**4,025,024**	2,374,606

For the six months ended 30 June 2021

Segments	Lithium metal and compound (Unaudited) *RMB'000*	Lithium battery (Unaudited) *RMB'000*	Lithium ore resource (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Types of goods or services				
Sale of industrial products	**3,240,173**	**765,177**	**1,705**	**4,007,055**
Processing services	**17,969**	**–**	**–**	**17,969**
Total revenue from contracts with customers	**3,258,142**	**765,177**	**1,705**	**4,025,024**
Geographical markets				
Mainland China	**2,323,404**	**730,869**	**1,705**	**3,055,978**
Asia	**824,667**	**27,666**	**–**	**852,333**
Europe	**78,300**	**2,778**	**–**	**81,078**
North America	**26,242**	**3,710**	**–**	**29,952**
Other countries/regions	**5,529**	**154**	**–**	**5,683**
Total revenue from contracts with customers	**3,258,142**	**765,177**	**1,705**	**4,025,024**
Timing of revenue recognition				
At a point in time	**3,258,142**	**765,177**	**1,705**	**4,025,024**

For the six months ended 30 June 2020

Segments	Lithium metal and compound (Unaudited) *RMB'000*	Lithium battery (Unaudited) *RMB'000*	Lithium ore resource (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Types of goods or services				
Sale of industrial products	1,935,562	415,732	–	2,351,294
Processing services	23,312	–	–	23,312
Total revenue from contracts with customers	1,958,874	415,732	–	2,374,606
Geographical markets				
Mainland China	1,069,068	413,584	–	1,482,652
Asia	840,644	2,053	–	842,697
Europe	33,092	–	–	33,092
North America	14,123	95	–	14,218
Other countries/regions	1,947	–	–	1,947
Total revenue from contracts with customers	1,958,874	415,732	–	2,374,606
Timing of revenue recognition				
At a point in time	1,958,874	415,732	–	2,374,606

(b) Other income and gains

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Fair value gains of financial assets at fair value through profit or loss	**543,903**	–
Gain on disposal of financial assets at fair value through profit or loss	**22,743**	24,999
Dividends and interest income from financial assets at fair value through profit or loss	**1,801**	1,079
Sale of raw materials	**19,360**	8,253
Government grants	**18,555**	29,471
Bank interest income	**37,403**	18,599
Interest income from associates and a joint venture	**28,903**	39,921
Net gain on disposal of items of property,plant and equipment	**9**	–
Foreign exchange differences, net	**–**	10,227
Others	**3,802**	1,589
	676,479	134,138

5. OTHER EXPENSES

An analysis of other expenses is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Fair value losses of financial assets at fair value through profit or loss	**–**	62,609
Cost of raw materials sold	**13,943**	3,812
Impairment of trade receivables, net	**2,256**	14,961
Impairment of financial assets included in prepayments, other receivables and other assets, net	**–**	63,551
Write-down of inventories to net realizable value	**8,510**	9,273
Net loss on disposal of items of property, plant and equipment	**–**	81
Exploration expenditure	**3,101**	7,097
Foreign exchange differences, net	**9,805**	–
Others	**1,728**	2,616
	39,343	164,000

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest expense on bank loans	**82,844**	72,420
Interest expense on other liabilities	**23,006**	10,849
Interest expense on discounted bills	**1,977**	8,364
Interest expense on lease liabilities	**597**	622
Interest expense on convertible bonds	**49,080**	28,661
Total interest expense	**157,504**	120,916
Less: Interest capitalised in respect of bank loans	**(6,150)**	–
Interest capitalised in respect of convertible bonds	**(8,433)**	(36)
	142,921	120,880

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of sales and services	**2,619,711**	1,912,838
Cost of raw materials sold	**13,943**	3,812
Impairment of financial assets, net:		
Impairment of trade receivables, net	**2,256**	14,961
Impairment of financial assets included in prepayments, other receivables and other assets, net	**–**	63,551
Write-down of inventories to net realisable value	**8,510**	9,273
Depreciation of property, plant and equipment and investment properties	**145,824**	125,605
Depreciation of right-of-use assets	**7,006**	5,091
Amortisation of intangible assets	**11,827**	4,604
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss	**(543,903)**	62,609
Gain on disposal of financial assets at fair value through profit or loss	**(22,743)**	(24,999)
Net (gain)/loss on disposal of items of property, plant and equipment	**(9)**	81
Research and development costs:		
Current year expenditure	**91,931**	47,008
Bank charges	**1,084**	5,019
Equity-settled share option expense	**27,160**	–
Foreign exchange differences, net	**9,805**	(10,227)

8. 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.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current corporate income tax	**161,461**	36,519
Deferred tax	**15,484**	(2,804)
	176,945	33,715

The subsidiaries incorporated in Hong Kong were subject to profits tax at the rate of 16.5% during the Reporting Period.

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

The Company has been recognised as a high and new technology enterprise ("**HNTE**"), and such status will expire on 12 August 2021. Based on the Enterprise Income Tax Law and related regulations, the applicable tax rate of the Company, is 15% provided that the Company complies with the conditions set out in the relevant requirements. The subsidiaries are also recognised as HNTEs and the effective periods are as follows:

Name	**Effective period**
Yichun Ganfeng Lithium Co., Ltd.	2018/8/13–2021/8/12
Ganfeng Recycling Technology Co., Ltd.	2018/8/13–2021/8/12
Jiangxi Ganfeng Battery Technology Co., Ltd.	2018/12/4–2021/12/3
Fengxin Ganfeng Lithium Co., Ltd.	2019/9/16–2022/9/15
Dongguan Ganfeng Electronics Co., Ltd.	2019/12/2–2022/12/1
Xinyu Ganfeng Electronics Co., Ltd.	2020/12/2–2023/12/1
Jiangsu Ganfeng Power Technology Co., Ltd.	2020/12/2–2023/12/1

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

9. DIVIDENDS

The Directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

The proposed final dividend of RMB0.30 (tax included) per ordinary share for the year ended 31 December 2020 was approved by the shareholders at the annual general meeting of the Company on 4 June 2021.

10. 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 for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,361,878,712 (30 June 2020: 1,292,712,664) in issue during the period, as adjusted to reflect the rights issue during the period.

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

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**1,415,176**	157,696
Interest on convertible bonds	**40,647**	28,625
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**1,455,823**	186,321

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,361,878,712**	1,292,712,664
Effect of dilution – weighted average number of ordinary shares:		
Share options	**446,405**	–
Convertible bonds	**30,215,248**	21,676,443
	1,392,540,365*	1,314,389,107

* Because the diluted earnings per share amount is increased when taking the convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the period attributable to ordinary equity holders of the parent of RMB1,415,176,000, and the weighted average number of ordinary shares of 1,362,325,117 in issue during the period.

11. TRADE RECEIVABLES

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

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Within 6 months	**1,616,764**	1,246,171
More than 6 months but less than 1 year	**76,528**	53,780
1 to 2 years	**71,053**	44,987
2 to 3 years	**1,145**	503
Over 3 years	**10,632**	10,334
	1,776,122	1,355,775

12. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Debt instruments at fair value through other comprehensive income:		
Bills receivables	**678,363**	409,189

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

As at 30 June 2021, the Group's debt instruments at fair value through other comprehensive income with a carrying amount of RMB421,182,000 (31 December 2020: RMB132,506,000) were pledged to issue banks' acceptance bills and letters of credit.

13. TRADE AND BILLS PAYABLES

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Trade payables	**754,321**	640,092
Bills payable	**731,663**	230,322
	1,485,984	870,414

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Within 3 months	**554,005**	505,047
4 to 6 months	**73,194**	70,828
7 to 12 months	**103,995**	32,295
1 to 2 years	**14,259**	22,286
2 to 3 years	**5,474**	9,636
Over 3 years	**3,394**	–
	754,321	640,092

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

14. EVENTS AFTER THE REPORTING PERIOD

There are no events occurring after the Reporting Period that need disclosure for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

1. Analysis of lithium resource market

The majority of global lithium resources are sourced from salt lakes and hard-rock lithium mines. Well-developed salt lakes are mainly found in the lithium delta of South America and in China, while the majority of lithium mines are concentrated in Western Australia. According to the research report of Minmetals Securities, from 2015 to 2020, the global output of ore lithium in concentrate increased significantly from 61,000 tons lithium carbonate equivalent ("**LCE**") to 210,000 tons LCE, while the global output of salt-lake lithium grew from 97,000 tons LCE to 184,000 tons LCE. The global demand for LCE amounted to 309,000 tons and 369,000 tons in 2019 and 2020, respectively. In recent years, the increased production of lithium ore, which is used as a feedstock in downstream lithium chemical production, has largely satisfied the growing demand for lithium chemical products.

(1) Market of spodumene concentrate

During the past three years, several new lithium mines located in Western Australia were brought into production successively, and some existing projects announced or executed expansion plans. According to the data on Asian Metal, as of June 2021, the domestic CIF price of 5%-6% spodumene concentrate was around US$680–700/ton, which represents an increase of 68%-72% compared with the price of US$395–415/ton at the beginning of the year. Considering the limited short-term capacity increment and the rapid growth of downstream demand, it is expected that the spodumene concentrate will remain in short supply throughout the year.

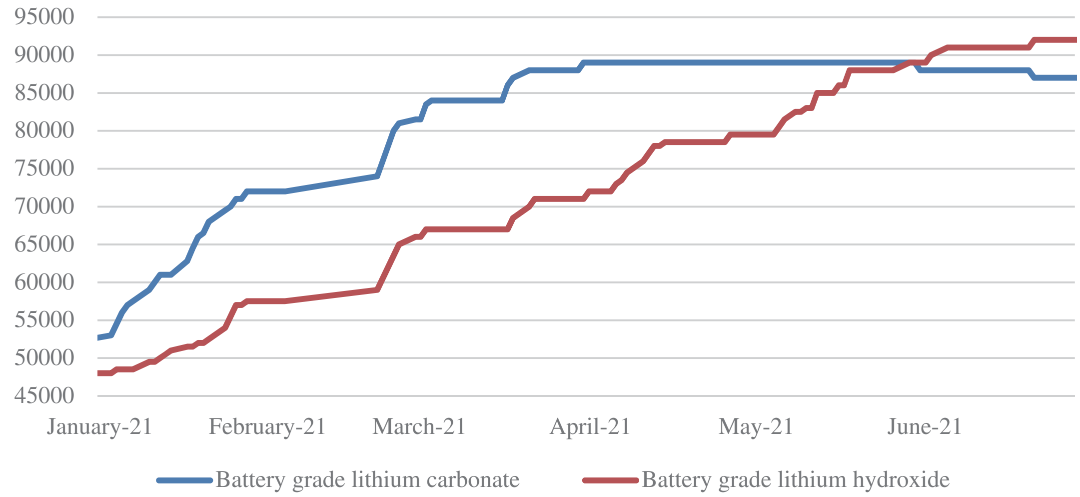
(2) Market of salt-lake brines

The main supply of salt-lake brine project is in South America, and the current brine projects that are in production in South America are mainly distributed in Chile and Argentina, making for a highly concentrated industry. Future increase in salt-lake resources of South America will be mainly attributable to the operation and production expansion of several projects, including the Company's Cauchari-Olaroz project. Increase in supply of lithium compounds generated from brine resources will be seen after 2021. Enterprises engaged in extracting lithium from salt lakes are benefiting from higher sales volumes and prices, as a result of which the operations have gradually improved and entered into another active capital expenditure period. However, due to the inconsistent judgments of the vendors on future market demand and the impact of the global pandemic of COVID-19, production expansion projects of various companies were delayed in 2019 and 2020, with the expansion of lithium projects in South America being gradually postponed. In the short term, this will, to a certain extent, slow down the growth of short-term lithium compounds supply, which will create the conditions for an improved pricing environment in the future.

2. Analysis of the lithium compound market

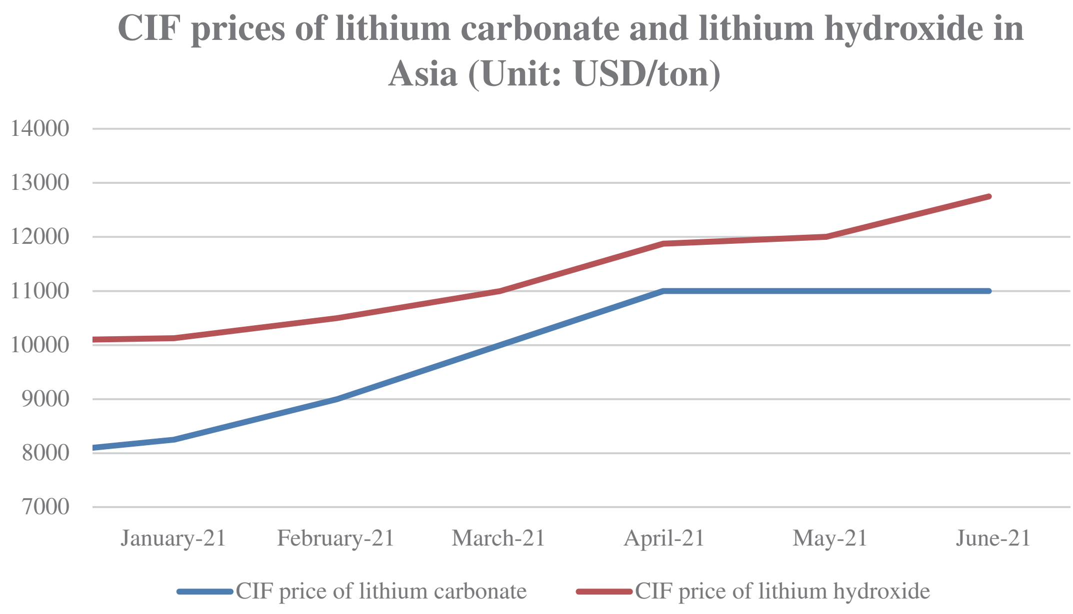
In recent years, prices of major lithium compounds have been fluctuating violently in China market. Since the second half of 2020, the decline of the prices of major lithium compounds in China market has slowed down stepwise, among which, the price of lithium carbonate began to recover gradually in September and the price of lithium hydroxide began to recover in December, with both showing a clear upward trend from the end of 2020, and the price of lithium carbonate shows a more obvious sign of rebound than that of lithium hydroxide. The increase of the price of lithium carbonate has slowed down stepwise since April 2021; the price of lithium hydroxide has continued to rise. Specific movements are shown in the following graph:

Spot prices of lithium carbonate and lithium hydroxide in China (Unit: RMB/ton)



Source: Minmetals Securities Institute

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



Source: Benchmark

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

3. *Analysis of the electric vehicle market*

According to the statistics of the "New Energy Vehicle Industry Chain Database" released by Gaogong Industry Research Institute (GGII), the global sales of new energy passenger vehicles in the first half of 2021 amounted to approximately 2.252 million, representing a year-on-year increase of 151%. With the policy driving, the technological progress in the industry, the improvement of supporting facilities and the increasing market recognition in various countries across the globe, the sales of new energy vehicles are expected to maintain a positive development trend.

According to the statistical analysis of China Association of Automobile Manufacturers, the production and sales of new energy vehicles in China amounted to 1,215,000 and 1,206,000, respectively from January to June 2021, both representing a year-on-year increase of 200%. In June 2021, the production and sales of new energy vehicles continued to perform better than the traditional fuel vehicles, seeing a fast growth when compared with that in May 2021 and maintaining high growth year-on-year. In particular, the production set a new monthly record, while sales hit a record high. With reference to the target of 20% of sales of new electric vehicles as mentioned in the Electric Vehicle Industry Development Plan (2021–2035) (《電動汽車產業發展規劃(2021–2035年)》), the electric vehicle industry still has a broad space for development, and the long-term growth trend of the electric vehicle industry chain remains highly certain.

The outbreak of COVID-19 pandemic will not stop the development trend of electric vehicles in the short term. It is expected that, driven by launches of new high-quality electric vehicles by various domestic and overseas original equipment manufacturers (OEMs), global electrification of vehicles will enter into a period of accelerated growth in the near future. According to the prediction of Minmetals Securities, the sales of electric vehicles in China will exceed 2.78 million in 2021, with a penetration rate of 10.5% and a year-on-year increase of 113%. The sales of electric vehicles globally may reach 5.89 million, with a penetration rate of 7.1% and a year-on-year increase of 85%. With the impact of the COVID-19 pandemic weakening in 2021, and the launch of electric vehicle models by OEM vehicle manufacturers worldwide, the manufacturing side of electric vehicles is growing rapidly and the global electrification is expected to accelerate. The electric vehicle market in China and around the world is expected to grow strongly.

BUSINESS REVIEW

During the Reporting Period, the Group achieved an operating income of RMB4,025,024 thousand, representing an increase of 69.50% as compared with the corresponding period last year; and the profits attributable to the owners of the parent company of RMB1,415,176 thousand, representing an increase of 797.41% as compared with the corresponding period last year. At the end of the Reporting Period, the total assets and net assets of the Group amounted to RMB30,135,847 thousand and RMB21,169,149 thousand, representing an increase of 36.85% and an increase of 57.76%, respectively, as compared with the end of last year.

1. Upstream lithium resources of the Company: During the Reporting Period, the Company continued to acquire upstream high-quality lithium resources globally, enriched and broadened the diversified supply of raw materials on a continuous basis. The Company continued to increase its shareholding in Bacanora and the lithium-clay project of Sonora, a subsidiary of it, and has held 28.88% equity interest in Bacanora and 50% equity interest in the lithium-clay project of Sonora as present. Meanwhile, the Company intended to acquire the remaining shares of Bacanora by tender offering, so as to increase its ownership interest; in order to accelerate the construction of Cauchari-Olaroz salt-lake project in Argentina, the Company has sent in batches technical experts to Argentina to support the construction of the project, to ensure that the project can be put into operation in 2022; the Company also energetically sought for lithium resources layout in Mali in Africa, and indirectly held the interest in Goulamina spodumene mine project and obtained the offtaking rights thereof through the acquisition of 50% equity interest in Netherlands SPV company.

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

No.	Resource type	Project name	Ownership interest	Resources (Measured+ indicated+inferred)
1	Spodumene	Mount Marion spodumene project in Australia	50%	2,416,000 tons LCE
2		Pilgangoora spodumene project in Australia	6.29%	6,933,000 tons LCE
3		Avalonia spodumene project in Ireland	55%	under exploration
4		Heyuan spodumene project in Ningdu	100%	100,000 tons LCE

No.	Resource type	Project name	Ownership interest	Resources (Measured+ indicated+inferred)
5	Salt-lake	Cauchari-Olaroz lithium salt-lake project in Argentina	46.665%	24,580,000 tons LCE
6		Mariana lithium salt-lake project in Argentina	88.76%	8,121,000 tons LCE
7		Haixiliang lithium salt-lake project in Qinghai	100%	under exploration
8	Lithium clay	Sonora lithium clay project in Mexico	Sonora is held as to 50% by the Company, 50% by Bacanora, a company in the UK; the Company holds 28.88% equity interest in Bacanora	8,820,000 tons LCE

Note: The resources are calculated as lithium carbonate equivalent at the lithium oxide content based on 100% interest held, with the relevant data from the open information of respective projects.

2. Lithium salt business: At present, the Company has achieved production capacity comprising 40,500 tonnes of battery grade lithium carbonate per annum, 81,000 tonnes of battery grade lithium hydroxide per annum, and 2,000 tonnes of lithium metals per annum, and in particular, the production capacity increase of newly added 50,000 tonnes lithium hydroxide per annum as at the end of 2020 proceeded well and achieved full-capacity operation in the first quarter this year. The production line is running well. The production line in Ningdu with capacity of 17,500 tonnes of battery grade lithium carbonate per annum was under the reformation and upgrade of production capacity in the first quarter of this year, and has achieved the production capacity of 20,000 tonnes battery grade lithium carbonate per annum.

3. Lithium battery business: Based on the pioneering advantage in upstream lithium resources supply of the Company, the Company's lithium battery business has been distributed to five categories of consumer batteries, small polymer cells, solid-state lithium batteries, lithium power batteries, and energy storage batteries, covering more than 20 kinds of products. The Company has set up lithium battery R&D and production bases in Xinyu, Dongguan, Ningbo, Suzhou, Huizhou and other places, respectively. Those products are widely used in power buses, airport equipment, electric ships, wind and solar energy storage, intelligent household equipment, 5G communications, Bluetooth headphones, medical equipment and other fields. From July to August 2021, Ganfeng LiEnergy reached strategic cooperation intention with Dongfeng Automobile (東風汽車), Bart Rui (巴特瑞) and Jinko Solar (晶科能源) in various fields including automotive power batteries, development of solid-state batteries, application of photovoltaic energy storage and comprehensive recycling of used lithium batteries.

4. The retired lithium battery recycling: The Company enhanced the industrialization technology level and competitive advantages by expanding the capacity of its retired lithium battery recycling business and developing new processes and technologies for comprehensive recycling of the retired batteries. In 2020, Recycling Technology was selected in the second list of Industry Standard Conditions for the Comprehensive Utilization of Waste Power Storage Batteries of New Energy Vehicles (《新能源汽車廢舊動力蓄電池綜合利用行業規範條件》) by the Ministry of Industry and Information Technology of the PRC. The retired lithium battery disassembling and comprehensive metal recycling projects of Recycling Technology had a recycling and disposal capability of 34,000 tons, and the production capacity of NCM precursor project will be expanded in the future, helping the enterprises to establish an ecological recycle chain of lithium products, and further improving the Company's layout in industrial chain. The mature battery recycling business has met the low-carbon and environmentally friendly requirements of customers, and has been in line with the direction of carbon neutrality and carbon emission reduction.

RESPONSE TO COVID-19 OUTBREAK

Since the beginning of 2020, COVID-19 pandemic has spread all over the world. Governments around the world have taken a series of prevention and control measures.

During the Reporting Period, the COVID-19 pandemic has an impact on the Group's business performance and even the development of the lithium industry. Since the outbreak of the pandemic, the Group has paid great attention to the development of the pandemic, actively participated in the pandemic prevention and control, and actively organized the resumption of work and production on the premise of ensuring the health and safety of the Group's employees. In response to the continuous COVID-19 pandemic, the Group timely took a number of preventive measures and purchased necessary protective equipment to ensure the health and safety of employees all over the world. At the same time, the Group has implemented various flexible work arrangements for employees and strictly has carried out the prevention and control measures implemented by the government. The Group has made every effort to meet the order needs of customers such as lithium compound, metal lithium and lithium battery business, and will continue to make every effort to reduce the adverse impact of COVID-19 pandemic on the Group.

Since 2021, the Group has been paying close attention to the development of COVID-19 pandemic to ensure staff' safety and stable operation. The Group will adjust the measures and plans for pandemic prevention, operation and business development at an appropriate time.

FUTURE DEVELOPMENT STRATEGY OF THE COMPANY

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

Securing high-quality and stable lithium resources is fundamental to the long-term sustainable growth of our business. Adhering to the purpose of resource globalization, the Company will continuously expand its current lithium resources portfolio through further exploration, with a gradually focus on extraction development of brine, lithium clay and other resources. The Company will proactively advance the development and construction of the Cauchari-Olaroz lithium salt-lake project in Argentina that is planned to finish most of the project constructions in 2021 and put into commissioning production in 2022. As of July 2021, the Mariana lithium salt-lake project in Argentina successfully obtained the Environmental Impact Report approval issued by Salta government in Argentina, and it is planned to commence construction in 2021. Meanwhile, the Company will further accelerate the construction of the Mexico Sonora lithium clay project, endeavoring to make it a leading project in the field of extraction of lithium from clay across the globe. In terms of spodumene resources, the Company will continue to pay attention to high-quality spodumene projects around the world, and actively cooperate with partners to ensure the smooth production, operation and production capacity construction of spodumene projects such as Mt Marion, Pilgangoora in Australia, and Goulamina in Mali, Africa. The Company will continue to actively explore the possibility of acquiring further sources of lithium by virtue of its experience in the industry value chain and its insights into the market trends in order to enrich the core portfolio of high-quality lithium resources and provide reliable and high-quality supply of lithium resources for further enhancement of midstream and downstream operations.

2. Expand the production capacity of treatment and processing facilities

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

Name of item	Location	Capacity planning
Cauchari-Olaroz lithium salt-lake project	Jujuy Province, Argentina	The production capacity of phase I is 40,000 tons of lithium carbonate, and the production capacity of phase II expansion is no less than 20,000 tons of lithium carbonate equivalent
Mariana lithium salt-lake project	Salta Province, Argentina	The production capacity of phase I is 20,000 tons of lithium chloride
Sonora lithium clay project	Sonora Province, Mexico	The production capacity of phase I is 20,000 tons of lithium hydroxide
50,000-ton lithium battery new energy material project	Fengcheng City, Jiangxi Province, China	To form lithium battery new energy materials capacity with 50,000 tons of lithium carbonate equivalent per annum. The project is divided into two phases. The first phase is to construct a lithium hydroxide project with an annual capacity of 25,000 tons
Annual capacity of 7,000 tons of metal lithium and lithium materials project	Yichun City, Jiangxi Province, China	Invest in the construction of a project with an annual production capacity of 7,000 tons of metal lithium and lithium materials by stages, and build new production lines such as metal lithium molten salt electrolysis, low-temperature vacuum distillation and purification of metal lithium, lithium series alloys, anodes materials of solid-state lithium batteries, etc

Note: the above production capacity planning includes the Company's existing sole proprietorship and joint venture projects

The Company will expand its production capacity based on the changes in and assessment of future market demands for lithium products. The Company plans to achieve a lithium product supply capacity with a total annual capacity of no less than 200,000 tons LCE, including lithium extraction from ore, brine and clay by 2025 or before. The Company is optimistic about the long-term development of the global lithium market. In the future, it will form a lithium product supply capacity of no less than 600,000 tons LCE and a more competitive lithium resource project reserve to match it.

3. Develop lithium battery business

The Company intends to further develop and upgrade the existing lithium battery production and carry out the technological research and development and industrialization in relation to a new generation of solid-state lithium battery for the sake of future growth. In the future, the Company will further expand production capacity and output for consumer batteries, power and energy storage batteries, and TWS wireless Bluetooth headset batteries, and continue to accumulate market reputation with superior quality. As a global technology leader in the field of solid-state batteries, the Company is committed to building the most creative lithium intelligent new energy, providing customers with safe, long-term and value-priced systematic solutions and quality services, striving to become the first level of the global lithium battery industry, and leading a new era of lithium battery technology innovation. The information of lithium battery projects currently under planning and construction by Ganfeng LiEnergy Technology Co., Ltd. ("**Ganfeng LiEnergy**") (a controlled subsidiary of the Company) is as follows:

Name of Item	**Location**	**Construction information of the project**
Construction of high-end polymer lithium battery R&D and production base project	Huizhou City, Guangdong Province	Build high-end polymer lithium battery R&D and production base and carry out high-end polymer lithium battery R&D and production

Name of Item	Location	Construction information of the project
New-type lithium battery project with annual capacity of 5GWh	Xinyu City, Jiangxi Province, China	Build 5GWh lithium battery production and manufacturing base, which includes new power related battery production, battery R&D, product analysis and testing, and staff living supporting facilities
New-type lithium battery science and technology industrial park with annual capacity of 10GWh and advanced battery research institute project	Chongqing, China	Build 10GWh lithium battery production and manufacturing base. After Ganfeng LiEnergy or its controlled company reach cooperation with new energy vehicle enterprises in Chongqing, Ganfeng LiEnergy will establish an advanced battery research institute in Chongqing to provide technical support for the technical update and product iteration of various solid-state batteries, and jointly carry out application technology research and development with downstream customers such as automobiles and consumer electronics

4. Develop lithium battery recycling business

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

5. Further enhance R&D and innovation capabilities

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

- Development and production of solid electrolytes and anodes for solid-state lithium batteries, as well as R&D of solid-state lithium batteries;

- Secondary utilization and recycling of lithium batteries;

- Improvement of production techniques to level up automation for existing products;

- Customized processes and extraction methods for lithium raw materials from different types of salt-lake brines and lithium clays; and

- Production of lithium power batteries and energy storage batteries.

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

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

7. Enhance capacities in business operation and management

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

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

- Cement the marketing, logistics and sales service systems to make coordinated arrangements among production, warehousing and distribution, optimize logistics, reduce transportation costs, improve the ability to respond to the requests of customers and level up efficiency and service standards; and

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

FINANCIAL REVIEW

1. Overview

During the Reporting Period, revenue of the Group amounted to RMB4,025,024,000, representing an increase of RMB1,650,418,000 as compared to RMB2,374,606,000 for the six months ended 30 June 2020. During the Reporting Period, gross profit of the Group amounted to RMB1,405,313,000, representing an increase of RMB943,545,000 as compared to RMB461,768,000 for the six months ended 30 June 2020. During the Reporting Period, basic earnings per share of the Group amounted to RMB1.04 (six months ended 30 June 2020: RMB0.12).

During the Reporting Period, profit attributable to the owners of the parent amounted to RMB1,415,176,000, representing an increase of RMB1,257,480,000, or 797.4%, as compared to RMB157,696,000 for the six months ended 30 June 2020, which was mainly due to: the significant increase in gross profit caused by the increase in the unit selling prices and sales volume of products during the Reporting Period; and gains from fluctuations in the fair value of financial assets held by the Company brought about increase in other gains and decrease in other expenses during the Reporting Period.

2. Analysis of revenue and cost

During the Reporting Period, revenue of the Group was generated from sales of lithium compounds, lithium metals, lithium batteries and other products. Total revenue increased by RMB1,650,418,000 from RMB2,374,606,000 for the six months ended 30 June 2020 to RMB4,025,024,000 for the six months ended 30 June 2021, which was mainly due to the increase in the unit selling prices and sales volume of products during the Reporting Period.

1) Analysis of revenue by products and regions

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

By products:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	RMB'000	*%*	*RMB'000*	*%*
Lithium metal and lithium compound	**2,948,287**	**73.25**	1,780,325	74.97
Lithium battery	**760,971**	**18.91**	414,036	17.44
Others *(Note)*	**315,766**	**7.84**	180,245	7.59
Total	**4,025,024**	**100.00**	2,374,606	100.00

Note: Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products.

By sales regions:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	RMB'000	*%*	*RMB'000*	*%*
China	**3,055,978**	**75.92**	1,482,652	62.44
Overseas	**969,046**	**24.08**	891,954	37.56
Total	**4,025,024**	**100.00**	2,374,606	100.00

2) Analysis of operating cost by products

By products:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	RMB'000	*%*	*RMB'000*	*%*
Lithium metal and lithium compound	**1,736,967**	**66.30**	1,417,586	74.11
Lithium battery	**635,208**	**24.25**	348,531	18.22
Others *(Note)*	**247,536**	**9.45**	146,721	7.67
Total	**2,619,711**	**100.00**	1,912,838	100.00

Note: Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products.

3. Gross profit and gross profit margin

During the Reporting Period, gross profit margin of the Group was 34.91%, representing an increase of 15.46% as compared with 19.45% for the six months ended 30 June 2020, which was mainly due to the continuous increase in the sales prices during the Reporting Period.

By products:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	RMB'000	*%*	*RMB'000*	*%*
Lithium metal and lithium compound	**1,211,320**	**41.09**	362,739	20.37
Lithium battery	**125,763**	**16.53**	65,505	15.82
Others *(Note)*	**68,230**	**21.61**	33,524	18.60
Total	**1,405,313**	**34.91**	461,768	19.45

Note: Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products.

4. Other income and gains

The other income and gains of the Group is mainly comprised of net gain from fair value changes on financial assets at fair value through profit or loss, government grants, revenue from sales of raw materials and bank interest income. During the Reporting Period, other income and gains of the Group amounted to RMB676,479,000, representing an increase of RMB542,341,000 as compared with RMB134,138,000 for the six months ended 30 June 2020, which was mainly because gains from fluctuations in the fair value of financial assets held by the Company brought about increase in other gains during the Reporting Period.

5. Expenses

	For the six months ended 30 June 2021 *RMB'000*	For the six months ended 30 June 2020 *RMB'000*	Change %	Reason of material change
Selling and distribution expenses	**23,920**	26,308	-9.08	Selling and distribution expenses mainly included employee welfare expenses, transportation, storage and port fees, rental expenses, sales commissions, travel expenses and other expenses.
Administrative expenses	**210,916**	106,718	97.64	Administrative expenses mainly included employee welfare expenses, office expenses, travel expenses, agency fees, research and development expenses, banking services and other expenses, as well as asset depreciation and amortization. The increase during the Reporting Period was mainly because provision was made for share incentive expenses and the expansion of the scale of lithium battery segment led to the corresponding increase in administration costs during the current period.
Other expenses	**39,343**	164,000	-76.01	Other expenses mainly included net fair value loss from investment at fair value through profit or loss, cost of raw material sales, impairment loss, loss on sale of property, plant and equipment and others. The decrease during the Reporting Period was mainly due to the gains other than losses caused by fluctuations in the fair value of financial assets.
Finance costs	**142,921**	120,880	18.23	Finance costs mainly included interest expenses on bank borrowings, convertible bonds and discounted notes. The increase during the Reporting Period was mainly due to the increase in bank borrowings during the current period.

6. Other expenses

During the Reporting Period, other expenses of the Group amounted to RMB39,343,000, representing a decrease of RMB124,657,000 as compared to RMB164,000,000 for the six months ended 30 June 2020. The details are as follows:

	For the six months ended 30 June 2021 ***RMB'000***	For the six months ended 30 June 2020 *RMB'000*
Fair value losses of financial assets at fair value through profit or loss	**–**	62,609
Cost of raw materials sold	**13,943**	3,812
Impairment of trade receivables, net	**2,256**	14,961
Impairment of financial assets included in prepayments, other receivables and other assets, net	**–**	63,551
Write-down of inventories to net realisable value	**8,510**	9,273
Net loss on disposal of items of property, plant and equipment	**–**	81
Exploration expenditure	**3,101**	7,097
Foreign exchange differences, net	**9,805**	–
Others	**1,728**	2,616
Total	**39,343**	164,000

7. R&D investments

During the Reporting Period, R&D investments of the Group amounted to RMB144,180,000, representing an increase of 132.8% as compared to RMB61,933,000 for the six months ended 30 June 2020, accounting for 3.58% of the Group's revenue, which was mainly due to the increased investment in the research and development during the current period.

8. Cash flows

	For the six months ended 30 June 2021 *RMB'000*	For the six months ended 30 June 2020 *RMB'000*	**Change** *%*	**Reason of material change**
Net cash flows generated from operating activities	**630,356**	189,779	232.15%	Primarily due to the increase in cash received from sale of goods or rendering of services during the current period.
Net cash flows used in investing activities	**(1,403,937)**	(677,926)	107.09%	Primarily due to the increase in cash payment relating to other investing activities during the current period.
Net cash flows generated from financing activities	**5,592,852**	1,355,182	312.70%	Primarily due to receipts of proceeds of HKD4.8 billion from placing of the H shares.

9. Financial position

Non-current assets increased by RMB3,491,879,000 from RMB13,245,542,000 as at 31 December 2020 to RMB16,737,421,000 as at 30 June 2021, which was mainly due to the increase in investment in associates, the increase in the balance of property, plant and equipment, the increase in the book balance of financial assets and the increase in the balance of other long-term assets during the Reporting Period.

Current assets increased by RMB4,623,594,000 from RMB8,774,832,000 as at 31 December 2020 to RMB13,398,426,000 as at 30 June 2021, which was mainly due to the increase in the balance of cash and cash equivalents and the balance of trade receivables during the Reporting Period.

Current liabilities increased by RMB2,270,801,000 from RMB4,077,784,000 as at 31 December 2020 to RMB6,348,585,000 as at 30 June 2021, which was mainly due to the increase in the balance of interest-bearing bank and other borrowings, and the increase in the balance of trade and bills payables during the Reporting Period.

Non-current liabilities decreased by RMB1,906,072,000 from RMB4,524,185,000 as at 31 December 2020 to RMB2,618,113,000 as at 30 June 2021, which was mainly due to the decrease in the balance of convertible bonds caused by the redemption of A Share convertible corporate bonds during the Reporting Period.

As at 30 June 2021 and 31 December 2020, net current assets of the Group amounted to RMB7,049,841,000 and RMB4,697,048,000, respectively; net assets amounted to RM21,169,149,000 and RMB13,418,405,000, respectively.

As at 30 June 2021 and 31 December 2020, cash and cash equivalents of the Group amounted to RMB6,497,225,000 and RMB1,709,590,000, respectively.

10. Income tax expenses

During the Reporting Period, income tax expenses of the Group amounted to RMB176,945,000, representing an increase of RMB143,230,000 as compared to RMB33,715,000 for the six months ended 30 June 2020, which was mainly due to an increase in the net profit during the Reporting Period.

11. Capital expenditure

During the Reporting Period, capital expenditure of the Group was RMB1,321,009,000, representing an increase of RMB921,809,000 as compared to RMB399,200,000 for the six months ended 30 June 2020. The Group's capital expenditures mainly consist of expenditures incurred for the purchase of property, plant and equipment, the prepaid land lease payments and the acquisition of other intangible assets. Funds used as capital expenditure of the Group were mainly sourced from bank borrowings, proceeds from share issuance and cash flows generated from operating activities of the Group.

12. Interest-bearing bank and other borrowings

As at 30 June 2021, bank and other borrowings of the Group amounted to RMB5,323,062,000 (31 December 2020: RMB3,970,305,000). As at 30 June 2021, the balance of liability in convertible bonds of the Group amounted to RMB0 (31 December 2020: RMB2,133,824,000). As at 30 June 2021, the Group's outstanding loans included Renminbi loans and foreign currency loans and approximately 97.52% (31 December 2020: 94.68%) of such outstanding loans were charged at fixed interest rates, with the remaining charged at floating interest rates.

13. Restricted assets

As at 30 June 2021, assets with a total carrying value of RMB982,182,000 (31 December 2020: RMB598,506,000) of the Group were used as collateral for bank borrowings and other bank credit facilities, and such assets included pledged deposits and bills receivables of RMB561,000,000 (31 December 2020: RMB466,000,000) and RMB421,182,000 (31 December 2020: RMB132,506,000), respectively.

14. Gearing ratio

As at 30 June 2021, the Group's gearing ratio, defined as net debt divided by sum of capital and net debt, was 30%, which decreased by 9% as compared to 31 December 2020.

15. Exposures to risks of exchange rate fluctuation and corresponding hedging measures

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

16. Contingent liabilities

As at 30 June 2021, the Group did not have any material contingent liability.

17. Employees and remuneration system

As at 30 June 2021, the Group had a total of 7,235 employees. The remuneration package of the Group's employees includes salaries, allowances, benefit in kind and performance related bonuses.

18. Capital commitments

The Group had the following capital commitments as at 30 June 2021:

	As at 30 June 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Contracted, but not provided for plant and machinery	**1,487,380**	612,337

19. Share capital

As at 30 June 2021, share capital of the Company is set out as follows:

	Number of issued shares	**Percentage**
A Shares	1,149,211,680	79.9%
H Shares	288,267,200	20.1%
Total	1,437,478,880	100.0%

OTHER MATTERS

Significant Equity Acquisitions During the Reporting Period

Acquisition of equity in Bacanora

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

Acquisition of equity in Sonora

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

Offer of equity in Bacanora

On 6 May 2021, the Board of the Company approved the resolution regarding the offer to purchase Bacanora by Shanghai Ganfeng, a wholly-owned subsidiary of the Company, involving mining rights investment and related-party transaction (《關於全資子公司上海贛鋒對Bacanora公司進行要約收購涉及礦業權投資暨關聯交易》). It was agreed that Shanghai Ganfeng, a wholly-owned subsidiary of the Company, shall make a tender offer for all the issued shares of Bacanora (other than the shares already held by Shanghai Ganfeng) at a price of 67.5 pence per share, and the total transaction amount shall not exceed 190 million pounds. On 28 June 2021, the resolution regarding the possible tender offer for Bacanora by Shanghai Ganfeng, a wholly-owned subsidiary of the Company, involving mining rights investment and related-party transaction was approved by the shareholders of the Company. Upon the completion of the transaction, Shanghai Ganfeng will hold no more than 100% equity interest in Bacanora.

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

On 28 May 2021, the Board of the Company approved the resolution in relation to the investment in the exchangeable bond of SRN in Singapore by GFL, a wholly-owned subsidiary of the Company, involving mining rights investment (《關於全資子公司贛鋒國際投資新加坡SRN公司可交債涉及礦業權投資》). The resolution approved GFL International, a wholly-owned subsidiary of the Company, to invest in the exchangeable bond of SRN, a listed company in Singapore, at the listed company level with its own funds of US$15 million, at an interest rate of 7% and with a term of 3 years. The exchangeable bond is secured with 100% equity interest in FE Resources Pte. Ltd ("**FE Company**"), a wholly-owned subsidiary of SRN which holds laterite nickel assets. The Company is entitled to convert 100% equity interest in the exchangeable bond to 25% equity interest in FE Company upon six months from the effective date of the investment. At the same time of conversion, the Company will be entitled to increase its equity interest in FE Company to 50% at an additional consideration of US$15 million. As of 30 June 2021, the external investment has not been completed.

Acquisition of 50% equity interest in Netherlands SPV Company

On 11 June 2021, the Board of the Company approved the resolution regarding the acquisition of 50% equity interest in Netherlands SPV Company by GFL International, which involves mining rights investment and provision of financial assistance for LMSA, a wholly-owned subsidiary of Netherlands SPV Company (《關於贛鋒國際收購荷蘭SPV公司50%股權涉及礦業權投資並為其全資子公司LMSA提供財務資助》). It was agreed that GFL International, a wholly-owned subsidiary of the Company, shall acquire 50% equity interest in Netherlands SPV Company (the name of which has not yet been determined and shall be finalized by the name registered with Netherlands Companies Registry) at a price of US$130 million with its own funds. Upon the completion of the transaction, GFL International will be granted consent to, as the case may be, provide financial assistance with an amount of not exceeding US$40 million to Lithium du Mali SA ("**LMSA**"), a wholly-owned subsidiary of Netherlands SPV Company, to help LMSA to develop and construct Goulamina spodumene mine project. The transaction has not yet been completed. Upon the completion of the transaction, GFL International will hold 50% equity interest in Netherlands SPV Company, and Firefinch Limited will hold 50% equity interest in Netherlands SPV Company.

Connected Transactions

On 13 November 2020, the 14th meeting of the 5th session of the Board of the Company considered and approved the resolution on implementation of capital increase and share expansion and the introduction of an employee shareholding platform by Ganfeng LiEnergy, a wholly-owned subsidiary and related-party transaction (《關於全資子公司贛鋒鋰電實施增資擴股並引入員工持股平台暨關聯交易的議案》). As part of the employee stock ownership plan, Ganfeng LiEnergy, a wholly-owned subsidiary of the Company, entered into the capital increase agreement with each of the subscribers prior to 3 December 2020. Pursuant to the capital increase agreement, the subscribers, including connected persons, agreed to contribute an aggregate amount of RMB415.36 million to increase the registered capital of Ganfeng LiEnergy from RMB500.0 million to RMB915.36 million. The transactions contemplated under the capital increase agreement were completed on 5 January 2021. Upon the completion of the transactions, the Company holds an aggregate equity interest of approximately 54.6% in Ganfeng LiEnergy, which remains as a subsidiary of the Company.

Other Significant Events During the Reporting Period

Conversion and redemption of A share convertible bonds of the Company

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

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

Proposed issuance of H shares of the Company under special mandate

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

Proposed adoption of share option incentive scheme and proposed authorization to the Board to deal with relevant matters in relation to the share option incentive scheme (the "Incentive Scheme")

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

On 7 June 2021, the Board of the Company approved the Resolution on the Adjustments to the Matters relating to 2021 Share Option Incentive Scheme of the Company and the Resolution on the Grant of Share Options to the Participants of the 2021 Share Option Incentive Scheme. The Company adjusted the number of participants of the share option incentive scheme from 407 to 404 persons and granted share options to the participants. The total number of share options granted was adjusted from 15.794 million to 15.754 million. The specific situations of the grant under the Incentive Scheme are as follow:

1. Date of Grant: 7 June 2021.

2. Number of Grant: 15.754 million.

3. Number of Participants of Grant: 404.

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

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

6. The Arrangement of Validity Period, Vesting Period and Exercise Period of the Incentive Scheme:

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

   (2) The Vesting Period for the Share Options under the share option incentive scheme shall commence from the date of grant of the Share Options and end on the Exercisable Date of the Share Options. The Vesting Periods of the Share Options are 12 months, 24 months, 36 months and 48 months, respectively. During the Vesting Periods, the Share Options which are granted to the Participants shall not be transferred, pledged for guarantees or used for repayment of debt.

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

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

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

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

      (iv) other periods prescribed by the CSRC and Shenzhen Stock Exchange.

During the Exercise Period, the Participants are able to exercise the Share Options according to the following exercising arrangement upon the fulfillment of the Exercise Conditions for the Share Options granted under the share option incentive scheme.

The Exercise Period of the Share Options granted under the Share Option Incentive Scheme and timetable for each Exercise are set out below:

Exercise arrangement	**Exercise time**	**Exercise proportion**
First Exercise Period	Commencing from the first trading day upon the expiry of 12 months from the Grant Date to the last trading day upon the expiry of 24 months from the Grant Date	25%
Second Exercise Period	Commencing from the first trading day upon the expiry of the 24 months from the Grant Date to the last trading day upon the expiry of 36 months from the Grant Date	25%
Third Exercise Period	Commencing from the first trading day upon the expiry of the 36 months from the Grant Date to the last trading day upon the expiry of 48 months from the Grant Date	25%
Fourth Exercise Period	Commencing from the first trading day upon the expiry of the 48 months from the Grant Date to the last trading day upon the expiry of 60 months from the Grant Date	25%

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

7. The distribution of the number of Share Options granted among the Participants is as follows:

Name	Position(s)	Number of the Share Options granted *(0'000 A Shares)*	Percentage to total number of the Share Options granted *(%)*	Percentage to total issued Shares as of the date of grant of the Share Options *(%)*
Deng Zhaonan	Executive Director and vice president	20.00	1.27%	0.01%
Shen Haibo	Executive Director and vice president	20.00	1.27%	0.01%
Ouyang Ming	Secretary of the Board and vice president	20.00	1.27%	0.01%
Xu Jianhua	Vice president	20.00	1.27%	0.01%
Yang Manying	Vice president and financial director	20.00	1.27%	0.01%
Fu Lihua	Vice president	15.00	0.95%	0.01%
Xiong Xunman	Vice president	15.00	0.95%	0.01%
Core management and core technical (business) personnel (397)		1,445.40	91.77%	1.07%
Total (404)		1,575.40	100.00%	1.16%

Significant Events after the Reporting Period

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2021 and up to the date of this announcement.

FUTURE PLANS AND USE OF PROCEEDS

Proceeds from the issuance of A share convertible bonds of the Company

On 6 August 2020, the Company publicly issued 21,080,000 convertible bonds with a nominal value of RMB100 each. The total amount of the proceeds raised was RMB2,108 million. The net amount of the proceeds raised was RMB2,093 million after deduction of various issuance cost. According to the circular of the Company dated 28 June 2019, the proceeds from the issuance of the Company's A shares convertible bonds will be used for the project for subscription of certain equity interest in Minera Exar S.A., renovation and expansion project for ten thousand tonne lithium salt and replenishment of working capital. As of 30 June 2021, the Company had utilized proceeds of RMB1,934,217.7 thousand in aggregate (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account) for subscription of certain equity interest in Minera Exar S.A., renovation and expansion project for ten thousand tonne lithium salt and replenishment of working capital, the balance of unutilized proceeds is RMB163,032.9 thousand, and all outstanding convertible bonds which appear on the register of bonds have been redeemed by the Company.

Proceeds from the issuance of additional H shares of the Company

To raise funds for its business development and expand its shareholder base, in September 2020, the Company placed 40,037,000 new H shares under general mandate (the placee and its ultimate beneficial owner are third parties who are independent of and not connected with the Company). The total proceeds raised amounted to HK$1,455 million, and the actual proceeds raised amounted to HK$1,449 million after deduction of various issuance cost. From the date of placing of the H shares (i.e., 23 September 2020) to 30 June 2021, approximately US$187,076.5 thousand out of the total proceeds from the previous issuance of H shares had been mainly used for the Company's construction of overseas projects and general corporate purposes (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account). The balance of unutilized proceeds is nil.

Issuance of H shares of the Company under specific mandate

The Board of the Company announced on 25 February 2021 that it resolved to seek the shareholders' approval for obtaining the specific mandate regarding the proposed issuance of H shares of the Company. The number of H shares of the Company proposed to be issued shall be no more than 48,044,560 shares (the placee and its ultimate beneficial owner are third parties who are independent of and not connected with the Company) with a nominal value of RMB1.00 each, and the aggregate nominal value of the H shares of the Company proposed to be issued is RMB48,044,560. According to the circular of the Company dated 25 February 2021, the proceeds from the issuance of the Company's H shares will be used for the Company's capacity expansion construction, potential investment, replenishment of working capital and general corporate purpose. On 17 March 2021, the resolutions regarding the proposed issuance of H shares of the Company under specific mandate and the proposed grant of specific mandate were approved by the shareholders of the Company. On 10 June 2021 (after trading hours), the Company entered into the placing agreement with the placing agents in relation to the placing, on a best efforts basis, of 48,044,400 new H shares of the Company at the placing price of HK$101.35 per H share. On 21 June 2021, an aggregate of 48,044,400 placing shares of the Company have been successfully placed at the placing price of HK$101.35 per placing share to no less than six placees, (the placees and their respective ultimate beneficial owners are third parties who are independent of and not connected with the Company). The total proceeds raised amounted to HK$4,869.30 million, and the actual proceeds raised amounted to HK$4,854.75 million after deduction of various issuance cost. As of 30 June 2021, the proceeds from the issuance of H shares have not been used. The use of proceeds is as follows:

Intended use of net proceeds	**Proportion of net proceeds allocated**	**Amount used as at 30 June 2021** *(USD)*
Capacity expansion construction and potential investment	80%	0
Replenishment of working capital and general corporate purpose	20%	0

Compliance with the Corporate Governance Code

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance through continuous effort in improving its corporate governance practices and procedures. Through the establishment of a sound and effective corporate governance framework, the Company strives to ensure completeness and transparency in its information disclosure and enhance stable operation, so as to safeguard the interests of the shareholders of the Company to the greatest extent. The Company has adopted all code provisions and principles as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") as the basis of its corporate governance practices.

Other than the deviation from code provision A.2.1 of the Corporate Governance Code, the Company has complied with the principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules during the six months ended 30 June 2021.

Deviation from Code Provision A.2.1 of Corporate Governance Code

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

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding securities transactions by directors and supervisors on the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Hong Kong Listing Rules. Having made specific enquiry to all Directors and supervisors of the Company, the Company confirms that the Directors and supervisors of the Company have complied with the standards regarding the securities transactions by Directors and supervisors of the Company as set out in the Model Code as of 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as the matters disclosed in the section headed "Other Significant Events During the Reporting Period", "Connected Transaction" and "Significant Events after the Reporting Period" of this results announcement, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the Reporting Period.

INTERIM DIVIDENDS

The Board proposed not to distribute any interim dividends for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

REVIEW OF 2021 INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") has been established by the Board in compliance with Rules 3.21 and 3.22 of the Hong Kong Listing Rules and the terms of reference of code provision C.3.3 as set out in the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Wong Sze Wing, Mr. Liu Jun and Ms. Xu Yixin. Ms. Wong Sze Wing serves as the chairman of the Audit Committee and possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Hong Kong Listing Rules. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2021, and is of a view that the preparation of such financial results have compiled with the applicable accounting standards, the requirements under the Hong Kong Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ganfenglithium.com). The Company's 2021 interim report containing the information as required by the Hong Kong Listing Rules will be sent to shareholders of the Company and published on the website of the Hong Kong Stock Exchange and on the website of the Company in due course.

By order of the Board
Ganfeng Lithium Co., Ltd.
LI Liangbin
Chairman

Jiangxi, the PRC
30 August 2021

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